

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

EPLUS, INC.,

Plaintiff,

v.

Civil Action No.
3:09CV00620

LAWSON SOFTWARE, INC.,

Defendant.

Before: THE HONORABLE ROBERT E. PAYNE, JUDGE
HEARING ON EPLUS' MOTION TO STRIKE

May 24, 2010

Richmond, Virginia

CHANDLER and HALASZ, INC.
Shorthand Reporters
P.O. Box 9349
Richmond, Virginia 23227
(804) 730-1222
Reported by: Tracy Johnson, RPR, CCR, CLR

CHANDLER & HALASZ, INC.
(804) 730-1222

1 Appearances:

2 GOODWIN PROCTER LLP
3 By: SCOTT LYNN ROBERTSON, ESQ.
4 and
5 CHRISTIAN & BARTON LLP
6 By: CRAIG THOMAS MERRITT, ESQ.
7 HENRY I. WILLETT, III, ESQ.
8 attorneys, of counsel for Plaintiff

9 MERCHANT & GOULD PC
10 By: DANIEL WILLIAM MCDONALD, ESQ.
11 and
12 TROUTMAN SANDERS LLP
13 By: ROBERT A. ANGLE, ESQ.
14 attorneys, of counsel for Defendant

1 (The hearing in this matter commenced at
2 1:34 p.m.)
3

4 THE CLERK: Civil Action No. 3:09CV00620,
5 ePlus, Incorporated versus Lawson Software,
6 Incorporated. Mr. Scott L. Robertson, Mr. Craig T.
7 Merritt and Mr. Henry Willett represent the plaintiff.
8 Mr. Daniel W. McDonald and Mr. Robert A. Angle
9 represent the defendant.

10 Are counsel ready to proceed?

11 MR. ROBERTSON: Yes, Your Honor.

12 MR. MCDONALD: Yes, Your Honor.

13 THE COURT: Eplus' motion to strike.

14 MR. ROBERTSON: Thank you, Your Honor.

15 Good afternoon.

16 THE COURT: Good afternoon.

17 MR. ROBERTSON: I'd like to address two
18 issues if I could with you today, Your Honor. First,
19 I want to briefly discuss what I think are now the
20 uncontested facts with respect to the prior art
21 invalidity theories that are being advanced that were
22 not part of the court-ordered invalidity contentions.

23 And then secondly, I want to address this
24 argument that has now cropped up that's being offered
25 by Lawson suggesting that notwithstanding the Court's

1 clear directive that if it wasn't in the invalidity
2 contentions it wasn't coming into evidence, the
3 defendants are now suggesting, as I -- you may recall
4 I predicted, Your Honor, that it should come in for
5 other relevant reasons.

6 Indeed, Your Honor, on the very day that
7 we filed this motion, Lawson submitted supplemental
8 interrogatory answers in which it took invalidity
9 contentions that it had made previously in this case
10 that it had withdrawn and submitted them into the
11 answer to the damages interrogatory. As transparent
12 as that, virtually verbatim, same words, even down to
13 where it says the claims are invalidated.

14 Now, what is that doing in --

15 THE COURT: What does that have to do with
16 damages?

17 MR. ROBERTSON: I do not know, Your Honor,
18 but I will address that in a moment.

19 But first, let me just suggest a few
20 things that I think are now conceded by Lawson.
21 First, there's no question that there's been new prior
22 art added to the Shamos expert report. It's conceded
23 that Lawson version 6 was not in the court-ordered
24 invalidity statement, Lawson version 5, the Doyle
25 Patent. The Dworkin Patent was only previously

1 offered for obviousness. It's now offered as an
2 anticipatory reference.

3 At one point in what I think have been at
4 least four hearings directed to this issue, Your Honor
5 expressed frustration saying, There's not enough time
6 in my lifetime or yours to try a case with 28 prior
7 references and some 30-something different
8 combinations.

9 Your Honor, if I might hand up to you,
10 we've gone through the Shamos report now, and there
11 are more than 92 prior art references suggested as
12 combinations for obviousness. So we've had some
13 serious backsliding here, Your Honor; from some
14 30-something to 92. These are citations to the prior
15 art references and where they appear in the Shamos
16 report. Now, as you can see, the multiple
17 combinations, I don't know how we'll get through
18 these, Your Honor, in two lifetimes if this is
19 permitted to come in in contravention of the Court's
20 order.

21 In addition, there's been new reliance on
22 materials and manuals that have been submitted. The
23 number of manuals from the court-ordered invalidity
24 statement have more than doubled, from 6 to 15. They
25 are cited in the Shamos report. We think also that

1 was improper. Your Honor's order was very clear,
2 stating back from even the first scheduling order,
3 that they were to identify the documents relating to
4 each prior art reference -- I'm quoting now -- "in a
5 complete and detailed explanation of what it alleges
6 that each listed prior art reference shows in a claim
7 chart form on an element-by-element, claim-by-claim
8 basis, including citations to the Bates numbers for
9 all those documents." Your Honor incorporated that
10 into its second order.

11 THE COURT: What order date was that?

12 MR. ROBERTSON: I believe that order date
13 was -- the hearing was March 26th. I believe Your
14 Honor's order was March 29th, the following Monday.

15 And Your Honor was very explicit in that
16 hearing we had on March 26th. You said, I want you to
17 do it to them like I said; claim by claim and element
18 by element, what is it in the prior art that
19 invalidates it, and then you take the page of the
20 prior art and not only do you write it out, you
21 highlight it and you hand it to them.

22 Now, after Your Honor issued that order,
23 the defendants took it upon themselves to wait two
24 more weeks before it supplied us with the
25 court-ordered invalidity statement, and at that time

1 they failed to provide us with the documentation
2 highlighted in the manner that the Court required. We
3 had a meet and confer with them. We asked them to do
4 it. They took another three days to comply with that,
5 and they only rely on six manuals that were in the
6 statement, and as I say now, we've more than doubled
7 that number.

8 THE COURT: They have relied on six
9 manuals.

10 MR. ROBERTSON: Yes.

11 THE COURT: When?

12 MR. ROBERTSON: That was -- that were in
13 the court-ordered invalidity contentions, and now in
14 the Shamos report we have 15 in total. So nine new
15 additional manuals.

16 Now, all this prior art, by the way, all
17 these manuals have been in possession of the
18 defendants for months; since at least September of
19 2009, many of them dating back to July of 2009. In
20 fact, many of them bear the SAP Bates label on them
21 because they were subject to the SAP litigation and we
22 produced them to Lawson.

23 Now, for them to have that, not rely on
24 it, have us go through at least three hearings on
25 this, have the Court order them to cite to the manuals

1 that they're going to rely on to do that and then to
2 swap out with three weeks left in discovery and give
3 us a new expert invalidity report, we think that's
4 just improper, and we would ask Your Honor that you
5 enforce your order that you previously have given and
6 that they should have complied with.

7 Let me just also state, Your Honor --

8 THE COURT: Which order?

9 MR. ROBERTSON: -- that there are new
10 invalidity theories.

11 THE COURT: Which order?

12 MR. ROBERTSON: I believe it's the
13 March 29th order, Your Honor.

14 THE COURT: So you want me to enforce the
15 March 29th order?

16 MR. ROBERTSON: Yes, sir.

17 They're arguing invalidity theories under
18 Section 101 of the Patent Act that were never before
19 in the invalidity contentions, nor in their
20 interrogatory answers. They're now asserting that
21 several of our claims are so called hybrid claims and
22 they're, therefore, not patentable.

23 Now, nothing, Your Honor, has changed
24 about the language of the claims since the inception
25 of this case. There was no reason for them to wait

1 until the Shamos report to suddenly come up with a new
2 invalidity theory based on the statute and the claim.
3 That's all that's required. So that should not be in
4 the case either, Your Honor. It's never been in
5 anything prior to the Shamos report.

6 THE COURT: What do you mean, the hybrid
7 theory?

8 MR. ROBERTSON: This hybrid theory.

9 In addition, Your Honor, just comparing
10 the conclusions in the court-ordered invalidity
11 statement with Mr. Shamos' conclusions, let me just
12 highlight a few. For example, with the J-Con prior
13 art, the only allegation that was made was that one
14 claim of one of the patents was anticipated. Shamos
15 now asserts that all 13 claims are anticipated.

16 With respect to this PO Writer prior art
17 they're relying on, there were only six claims that
18 they asserted were anticipated by that prior art.
19 Shamos now claims -- asserts all 13 are anticipated.

20 Again, with respect to this Gateway System
21 they rely upon, there were only two claims they
22 asserted were anticipated. Shamos now claims all 13,
23 again, are anticipated.

24 And finally, with respect to this King
25 Patent they asserted, the original court-ordered

1 invalidity contentions identified only three claims as
2 anticipated. Now Shamos says 11 of the 13 claims are
3 anticipated.

4 So that's my conclusion with respect to
5 the new theories, the new prior art, the new
6 obviousness combinations that are part of the Shamos
7 report that were not part of the court-ordered
8 supplemental invalidity contentions.

9 Let me just briefly address some of these
10 arguments that have now cropped up in an effort to do
11 an end run around the Court's order and incorporate
12 these in by urging that they are admissible for other
13 reasons.

14 First, Your Honor hit upon it; this what
15 are invalidity theories relevant to a damages
16 argument. From what I can tell -- and this was
17 focused I think just even on Thursday, Your Honor,
18 when a letter was submitted to the Court in the guise
19 of a correspondence, which is really a surreply, that
20 somehow these invalidity theories are going to be
21 offered for purposes of suitable noninfringing
22 alternatives.

23 I'm going to leave aside for the moment,
24 Your Honor, how something goes from invalidating one
25 day to suddenly being noninfringing another. I don't

1 know how that natural transformation occurs. But
2 nevertheless, the key words in this theory they're
3 advancing of suitable noninfringing alternatives is
4 they need to be suitable alternatives.

5 Now, what does that mean under the case
6 law? It essentially means that with little or no
7 effort, the defendant could adopt a noninfringing
8 alternative that would be accepted in the marketplace
9 and do it with little or no cost and it could move to
10 that rapidly. So what they're suggesting, Your Honor,
11 is that somehow with this version 6.0 -- because
12 that's been the focus -- they could go back to some
13 16, 20 years ago and adopt software that is, by all
14 agreement, obsolete and start selling that to their
15 customers.

16 Now, I think the Court can take judicial
17 notice of the fact that the software industry is one
18 of the most competitive and cutting edge industries
19 that exist in our country. It's comparable to saying
20 that Windows, which is now coming out with its new
21 Windows 7 operating system, could say we're going to
22 come out with a new operating system. We're going to
23 call it Windows 7 and it's going to have the same
24 features and functionality of Windows '95 that we had
25 16 years ago and we're going to sell it to everybody

1 and make millions and billions of dollars on it.

2 It's just ridiculously absurd on its face.
3 They can't go back to software that is several
4 iterations ago, 16 years ago, been long obsolete -- in
5 fact, they're having a hard time even trying to come
6 up with someone who can demo it for us because they
7 run on obsolete mainframe computers.

8 And this isn't software like Microsoft
9 where they can sell it at \$500 a disk. This is
10 software that costs hundreds of thousands of dollars
11 and takes months to install and implement, and to have
12 their customers say, well, okay, we're going to do
13 that, pay you hundreds of thousands of dollars more
14 and take months of disruption and adopt 16-year-old,
15 obsolete software, it's just really absurd. So, Your
16 Honor, we would suggest that this is simply trying to
17 backdoor evidence that Your Honor has already said
18 should not be admissible unless it was disclosed and
19 to use it for improper purposes.

20 And, in fact, what we really know what's
21 going on here is they want to get in front of the
22 jury, and without doing a rigorous invalidity
23 analysis, they want to suggest somehow that they're
24 really the inventors of it and they've had this stuff
25 around forever and they're really going to be arguing

1 invalidity arguments, obviousness arguments every time
2 they bring this software up.

3 Now, they've decided not to include it in
4 their invalidity contentions as ordered by the Court,
5 and it should be out. There's no dispute now. There
6 was some dispute before, but I understand they've now
7 conceded that it wasn't in the court order's
8 supplemental statement.

9 And it's no answer to say they had
10 previously cited it in an interrogatory, but what Your
11 Honor said -- and this was the quote -- fish or cut
12 bait. They decided to cut bait on it. And I think
13 when they made that decision pursuant to the Court's
14 order, they should have to live with it now and the
15 consequences and not permit this -- this transparent
16 attempt to get in through the back door what they
17 can't get in through the front door.

18 Finally, Your Honor, I want to just
19 address this argument that's been suggested that there
20 was something improper with Dr. Weaver's report, who
21 is our infringement expert.

22 THE COURT: That's not before me.

23 MR. ROBERTSON: Fine, Your Honor. Then
24 with that, I would simply ask that the Court's order
25 be enforced and that they be confined within the four

1 corners of that invalidity statement that they
2 submitted to us on March 9th and not be permitted to
3 have their expert rely on these new combinations of
4 the --

5 THE COURT: March 9th?

6 MR. ROBERTSON: March 29th. I'm sorry if
7 I misspoke.

8 THE COURT: I thought the order was dated
9 March 29th.

10 MR. ROBERTSON: I believe that's what it
11 was dated.

12 THE COURT: Well, was the submission of
13 prior art --

14 MR. ROBERTSON: The submission was
15 May 3rd. It was when the Shamos report --

16 THE COURT: Which is it you -- no. What
17 is it you're talking about you want them held to?
18 It's not the same day as the order.

19 MR. ROBERTSON: The -- you're right, Your
20 Honor. It was submitted to us on April 9. That was
21 when they gave us the second supplemental invalidity
22 statement. Thank you.

23 THE COURT: Okay.

24 MR. MCDONALD: Good afternoon, Your Honor.
25 May it please the Court.

1 THE COURT: Excuse me just a minute. What
2 is the date of the order, Mr. -- the docket number of
3 the order, Mr. Robertson?

4 MR. ROBERTSON: I do not have that at my
5 fingertips, Your Honor. Let me check and see if I
6 can --

7 THE COURT: Do you have a copy?

8 THE CLERK: It is March the 31st?

9 MR. ROBERTSON: It may be an exhibit. It
10 was filed on March 30, Your Honor, and it was dated
11 March 29. I can hand up a copy to the Court if you'd
12 like.

13 THE COURT: This order says, For the
14 reasons set forth in the March 26th conference call,
15 it's ordered that the defendant's motion to compel is
16 denied without prejudice. The defendant may refile
17 its motion after compliance with the Court's
18 instructions regarding the specificity of the
19 invalidity contentions. That's not the order that
20 you're talking about.

21 MR. ROBERTSON: It's the only order Your
22 Honor issued after we had our hearing on March 26th.

23 THE COURT: So really what you're talking
24 about is what's in the March 26 hearing?

25 MR. ROBERTSON: Yes, sir, which is quoted

1 I believe extensively in our moving papers, beginning,
2 Your Honor, at page 4.

3 THE COURT: All right.

4 MR. MCDONALD: Good afternoon, Your Honor.
5 I'd like to start first with the issue on the Lawson
6 prior art and explain the -- what is and what is not
7 at issue here.

8 As you just read, that order that was
9 presented and decided by the Court in late March
10 related to a motion to compel that we had brought, and
11 the Court ordered then that we specify -- provide
12 further specifics and narrow down the art and the
13 combinations of art we were relying on in our
14 invalidity contentions, which we then did by
15 April 9th. The timing on that was agreed by the
16 parties.

17 So this issue of compliance with the Court
18 order, we did comply with that by April 9th, provided
19 them with specifics. The highlighting, Mr. Robertson
20 is correct; we missed that in the Court's oral order.
21 It was not, I don't think, in the written order, but
22 it was in the oral statements that we were supposed to
23 highlight. Once ePlus brought that to our attention,
24 within the three days, we provided them with the
25 highlighting of the prior art, matching that up to the

1 element by element of the claims at issue.

2 So there is no issue as to whether we
3 complied with the March 29th order. That's, if
4 nothing else, represented by the fact that that really
5 had not been brought up until after they got the
6 Shamos report. If the problem was what we had done in
7 compliance with the March 29th order, you would have
8 thought that would have been brought up earlier, but
9 it was not. We complied with that order.

10 Earlier in the case, there were 32
11 discrete references that had been identified in
12 invalidity contentions. We narrowed that down greatly
13 in our supplemental contentions filed on April 9 down
14 to seven references, the RIMS System, which we
15 actually even divided that into two. One is the
16 commercial embodiment of the RIMS System. The second
17 is the '989 Patent that corresponds to that system,
18 the J-Con System, the SABRE System, the Gateway
19 System. We referred to the TV/2 or Technical Viewer 2
20 System from IBM that's also referenced in the patent
21 and the King Patent and the Dworkin Patent. And those
22 were the items set forth in our March 29th -- or
23 pursuant to the March 29 order. We did what we could
24 to be very, very specific, and there has been no
25 dispute previously that we didn't comply with the

1 court order. So with respect to this Lawson prior
2 art, we did not include that in the April 9th
3 supplementation; that is true.

4 One of the reasons we did not --

5 THE COURT: Lawson 5 and 6 --

6 MR. MCDONALD: Right.

7 THE COURT: -- are not included?

8 MR. MCDONALD: That's right. We had
9 identified the Lawson prior art system in a prior
10 invalidity contention, but not in the updated one. We
11 took it out.

12 THE COURT: What other ones do you agree
13 now that were not included so I -- just focus on the
14 ones that you say were included.

15 MR. MCDONALD: I think the ones that would
16 be included I would say would be the J-Con, Gateway
17 and SABRE.

18 THE COURT: Doyle was not included, right?

19 MR. MCDONALD: Doyle was not included on
20 the April 9th, and we've agreed to take that out of
21 the Shamos report.

22 THE COURT: All right. And Dworkin?

23 MR. MCDONALD: Dworkin was --

24 THE COURT: You say it was.

25 MR. MCDONALD: -- in the April 9th report.

1 I don't think there's a dispute about that.

2 THE COURT: Well, he says there is. All
3 right. So -- go ahead.

4 MR. MCDONALD: All right. So --

5 THE COURT: See, I just think that you all
6 are putting a lot of stuff in that you hadn't put in
7 before.

8 MR. MCDONALD: I can appreciate that, Your
9 Honor. And can I give you a little of the context for
10 that?

11 THE COURT: Yeah, but you did. According
12 to your own admission, you've put a lot of things in
13 that aren't in your invalidity arguments before.

14 MR. MCDONALD: We put in -- I'd say the
15 Lawson prior art was the biggest chunk of new
16 material, that's right, that was not in --

17 THE COURT: How can that possibly come in,
18 then?

19 MR. MCDONALD: Well, for a couple of
20 reasons. The big one is the Markman order that came
21 out in between April 9th and the Shamos report on May
22 5th. That had -- claim constructions were ordered by
23 this court that were broader than those proffered
24 either by ePlus or Lawson during the Markman process.

25 By making the claim constructions broader,

1 that would bring in further prior art within their
2 scope.

3 THE COURT: But which ones -- you just
4 point to two?

5 MR. MCDONALD: Yeah, we pointed to two
6 examples, Your Honor.

7 THE COURT: And you didn't explain how it
8 was that they were made -- that the Markman hearing
9 called for that information.

10 MR. MCDONALD: Well --

11 THE COURT: I don't understand it.

12 MR. MCDONALD: Well, one example, for
13 example, is the means for building a requisition
14 where --

15 THE COURT: We're not talking about
16 examples anymore. We're talking about just the ones
17 that you -- you only gave two examples in your papers.
18 You can't give it in the papers and then come in here
19 and add more to it. So we're only talking about what
20 is in your papers. Now, let's do that.

21 I'm through with you all adding stuff. I
22 don't think you all pay much attention to what's said
23 and you're about -- you're through getting -- acting
24 in that way because that's not how we run things.

25 Now, tell me how it is that the Markman --

1 where's -- I need the black binder that is theirs,
2 their briefs. It's in the second brief in there on my
3 desk. Is that the one that's from my desk?

4 THE CLERK: Uh-huh.

5 THE COURT: That's where I marked it.
6 What page of your brief is that discussed on? I
7 thought I had marked it.

8 MR. MCDONALD: May I grab my copy of the
9 brief, Your Honor?

10 THE COURT: Sure. I think it's on page 6.
11 There are two of them discussed.

12 MR. MCDONALD: That's right, Your Honor,
13 pages 6 and 7 have two --

14 THE COURT: All right. That's the only
15 thing, then, that we're going to consider. Because I
16 can't just go on and have things added in the oral
17 argument. That's why we have briefs. "Means for
18 building a requisition using data -- no -- yeah, using
19 data related to selected matching items and their
20 associated sources." Now, tell me how that opens up
21 the door to Lawson 5 or 6.

22 MR. MCDONALD: Well, Lawson 5 or 6 didn't
23 involve catalogs. They have this Item Master that's
24 not a catalog. In the definitions for that "means
25 plus function" clause that both parties had proposed,

1 the definition related to catalog items. And so we've
2 italicized their requisition items, which is how the
3 Court defined the term. The Court's definition is not
4 limited to catalog items, and therefore, the Lawson
5 prior art becomes more relevant because the Lawson
6 prior art did involve requisitions, it did not involve
7 catalogs. So that's --

8 THE COURT: So that's all he's going to
9 say about that. Why does he need to say all this
10 stuff that's in the Shamos report?

11 MR. MCDONALD: Well --

12 THE COURT: I mean, all he can do is say
13 that. That's the most he can say, what you just said.
14 That's the best he can say.

15 MR. MCDONALD: Well, I think we're
16 entitled once we see the Markman decision and see that
17 the Lawson prior art now is relevant for many more
18 reasons. But in the --

19 THE COURT: No, it's not relevant for many
20 more reasons because you haven't identified many more
21 reasons. You have identified two. That -- see,
22 that's what you do; you float. You float like a
23 butterfly over to here and then -- then you want to
24 add, by your floating, what it is that appears in
25 the -- in your oral argument. That isn't what you

1 were to do. You were to respond to what they said.
2 It is your obligation to say the Markman hearing
3 changed again, here's where it changed, here's what
4 we -- here's where in the Shamos report he addresses
5 that, and that's it.

6 What you want to do is this. You want to
7 use the expert's report in the way that the Federal
8 Rules were changed to stop the Federal Rules from
9 being used as games because that's the way people used
10 to play the game. They used to say, oh, well, now
11 we'll use the federal -- the expert's report as a
12 vehicle to bring into the case things that aren't
13 appropriate, and you all want to -- you do the same
14 kind of thing, and I just -- I'm worn thin with it
15 all.

16 MR. MCDONALD: Well, it wasn't our intent
17 to --

18 THE COURT: So you didn't tell me but two
19 ways in which the Markman hearing -- Markman ruling
20 changed the rules, and I understand the law on that
21 and that's -- it's correct that if the Markman hearing
22 changes the rules and you can show that it changes the
23 rules, then you're entitled to have some comment on
24 it. But you did that. In your brief, you pointed out
25 two things, and I want you to now show me the part of

1 Mr. Shamos' -- Dr. Shamos' report that corresponds to
2 the arguments you're making so that I can, in fact,
3 decide whether it comes in. Tell me. Where is it in
4 the Shamos report?

5 MR. MCDONALD: Well, there are a couple of
6 sections to it, Your Honor. The attachments,
7 unfortunately, they don't have page numbers.

8 THE COURT: Just tell me. Oh, yeah? No.
9 The report. I didn't tell you about any page numbers.
10 I want to know where in the report. That's what we're
11 talking about now. We're not talking about
12 attachments right now. We're talking about in the
13 report.

14 You can't just attach things to an
15 expert's report and have that be the expert's opinion.
16 You -- you define what the opinion is, then what the
17 basis of it is, but the basis of it doesn't become the
18 opinion.

19 Now, tell me where in this Shamos report
20 is the text of the report that shows what it is that
21 he comments on that explains "means for building a
22 requisition using data relating to selected matching
23 items and their associated sources." Where is it in
24 that report that we look to find that? Then I can
25 make a ruling.

1 MR. MCDONALD: Your Honor, it's in the
2 tables with the report. It's not -- that particular
3 limitation discussion is not in the body of the report
4 at all.

5 THE COURT: It's not in the report at all.

6 MR. MCDONALD: Well, I consider it to be
7 in the report. Both sides prepared their reports,
8 Your Honor, using these tables because with 13 claims
9 and all the claim limitations, I think both parties
10 found that it was a more effective way to communicate
11 to put this into the tables.

12 THE COURT: Well, where in the tables is
13 it, then? So first we know it's not in the report.

14 MR. MCDONALD: Well, I consider the tables
15 with the report to be part of the report.

16 THE COURT: No. First we know it's not in
17 the report. It's in the tables to the report.

18 MR. MCDONALD: Okay. Yes.

19 THE COURT: All right. So now I want to
20 go look at the tables. I want you to show me the text
21 you're talking about. Where is it? Where are the
22 tables in here? Is that the Exhibit 76? Is that
23 in -- what --

24 MR. MCDONALD: What I've got before me,
25 Your Honor, is the Shamos report that ePlus had

1 provided to the Court with the highlighting.

2 THE COURT: All right. Show me. Which
3 exhibit is it? Exhibit 1?

4 MR. MCDONALD: No. Exhibit 3 I believe is
5 the tables.

6 THE COURT: All right. Exhibit 3. Where
7 is that, then? What page is that? This is a table to
8 his report, right?

9 MR. MCDONALD: That's right, and these
10 pages, as provided here, do not have page numbers on
11 them, but I can show you.

12 THE COURT: Do they have page numbers on
13 them on any version of it?

14 MR. MCDONALD: I'm not sure if it was
15 presented as an Excel spreadsheet or what, Your Honor,
16 how it printed out in other versions.

17 THE COURT: This is your expert's report,
18 right?

19 MR. MCDONALD: That's right.

20 THE COURT: Well, you should know how it's
21 presented.

22 MR. MCDONALD: I can't remember if it had
23 page numbers on it. I'm sorry, Your Honor.

24 THE COURT: All right. Well --

25 MR. MCDONALD: But I do have some tabs

1 here on a couple of pages.

2 THE COURT: Okay. Well, give me some way
3 to find what you're talking about.

4 MR. MCDONALD: Well, I could present to
5 you what I have here.

6 THE COURT: Well, just -- I've got one
7 here. You just tell me what I'm supposed to look at.

8 MR. MCDONALD: If you look at Exhibit 3 --

9 THE COURT: There are headings. Give me
10 the headings, and maybe I can find it that way.

11 MR. MCDONALD: Do you have a version with
12 these tabs on it, these red tabs?

13 THE COURT: Yes.

14 MR. MCDONALD: Okay. If you go to Exhibit
15 3.

16 THE COURT: I got Exhibit 3.

17 MR. MCDONALD: And then turn to the --
18 just past the fourth tab, and if you turn two pages
19 past the fourth tab --

20 THE COURT: The fourth tab says Shamos
21 Opinion Re: Gateway, Lawson Prior Art System. Is that
22 what it is?

23 MR. MCDONALD: We're actually in Exhibit
24 3. The fourth tab says --

25 THE COURT: Yeah.

1 MR. MCDONALD: Yes, that's correct. The
2 fourth tab says Shamos Opinion Re: Gateway, that's
3 correct.

4 THE COURT: The fourth red tab, and
5 then --

6 MR. MCDONALD: And then if you go two
7 pages past that.

8 THE COURT: All right. And that says --

9 MR. MCDONALD: You've got the Asserted
10 Claim language, and in the lower left there by 1c, the
11 limitation "means for searching for matching items
12 that match the entered product information in the
13 selected portions of the database."

14 THE COURT: "Means for searching for
15 matching items that match the entered product
16 information in the selected portions of the database."

17 MR. MCDONALD: That's right. So the next
18 pages are talking about that.

19 THE COURT: Not in the next pages. What?

20 MR. MCDONALD: Pardon?

21 THE COURT: What do you mean the next
22 pages?

23 MR. MCDONALD: Well, the specific page --

24 THE COURT: This is nothing. This doesn't
25 tell us anything. This is an utterly unart- --

1 ununderstandable statement so far. So where do I go?

2 MR. MCDONALD: If you go three pages past
3 the one we just talked about.

4 THE COURT: How do you think anybody is
5 going to understand what you're talking about? You
6 need to hire experts that can communicate in English.
7 I can't understand this.

8 I've gone three pages further. So now I
9 go three more pages further. What do we find there?

10 MR. MCDONALD: The third column is Shamos
11 Opinion Re: Lawson's Prior Art System.

12 THE COURT: Well, wait a minute. It's
13 very hard to read. I don't see that.

14 MR. MCDONALD: It would be also one page
15 past the next red tab. Do you see there's four
16 columns on the page, with the third column saying
17 Shamos Opinion Re: Lawson's Prior Art System?

18 THE COURT: No, it doesn't say that. No,
19 it doesn't say that. I can't find what you're talking
20 about. Do you see that? You all have got this so
21 botched up that the average person can't follow it. I
22 don't understand where it is.

23 MR. MCDONALD: Maybe if I saw your
24 version, Your Honor, I can turn to that page.

25 THE COURT: I've got the same one you've

1 got, I think.

2 MR. MCDONALD: Well, you did find the page
3 that has the limitation "means for searching for
4 matching items," right? That was the last --

5 THE COURT: I don't know. I've lost it
6 now.

7 I just think you've got to start all over
8 again and do what I told you to do. I think this
9 man's report is basically useless. You can't follow
10 it. You don't know how to chase it around, or I can't
11 follow it. How did I ever get to this report in the
12 first place, this -- I mean to this Exhibit 3 in the
13 first place? He, in his report, did -- does he kick
14 us back to Exhibit 3 somewhere in his report? Does he
15 do that?

16 MR. MCDONALD: Oh, yes, definitely. His
17 report cites to these tables, that's right, these
18 exhibits.

19 THE COURT: Well, where does he say that
20 about the Lawson version?

21 MR. MCDONALD: Well, this is the
22 limitation -- one of the two limitations discussed at
23 page 6 and 7 where he shows that the Lawson prior
24 systems have that limitation met in them now that it's
25 not limited to catalogs.

1 THE COURT: Where in his report does he
2 say that? You told me earlier that there wasn't
3 anything in the report that talks about the version 5
4 or 6. The report is 76 pages long. Now you just told
5 me that he did, in fact, say that, and I don't see
6 where he says that in his report. So tell me where it
7 is in his report.

8 MR. MCDONALD: Well, the report does not
9 specify the element-by-element analysis, which I think
10 is what we're talking about right now. So that's why
11 he's got the tables; to go through the element by
12 element for the 13 claims. But maybe it would make
13 sense to talk about some different issues at this
14 point, Your Honor.

15 THE COURT: No, it doesn't. I'm going to
16 decide this one way or the other based on what you
17 tell me, and what I have is a bunch of material in
18 front of me that basically doesn't support what you're
19 saying. Now, if you -- to the -- to the untrained
20 eye. Now, maybe to your eye it does, and I'm telling
21 you to show me, walk me through where it is so I can
22 rule. If you can't do that, then I'm going to rule
23 that this report is not comprehensible and that
24 therefore, it is not coming in.

25 MR. MCDONALD: Well, Your Honor --

1 THE COURT: I've had enough of this.

2 MR. MCDONALD: I can appreciate that.

3 It's --

4 THE COURT: It is the -- this is the game
5 of hide the pea, and it changes every time that
6 something happens.

7 Now, I do understand the basic principle
8 of law that if the Markman hearing necessitates some
9 other comments from an expert, then perhaps that ought
10 to be allowed, but I first need to -- the predicate
11 for that is, A, what part of the Markman hearing does
12 that, and B, what part of the report then responds to
13 the Markman hearing. And I have not -- I've gotten
14 you to tell me what part of the Markman hearing does
15 it, and I've got that language. Now I'm looking for
16 B. Where is the part that addresses -- of this man's
17 report that addresses it?

18 Now -- that language, and that language is
19 "means for building a requisition using data relating
20 to selected matching items and their associated
21 sources." And I don't have a page -- it's not in
22 his -- the textual 76 pages of his report you tell me,
23 so I've got to go look at a chart. I can look at a
24 chart and I have no way through it except for the
25 number of red tabs I'm working on. I can't -- it's --

1 what heading are we talking about? It does at least
2 have headings; Shamos Opinion Re: Gateway, Lawson's
3 Prior Art Systems. I don't know what part of this
4 Exhibit 3 you're talking about.

5 MR. MCDONALD: Well, I'm talking about the
6 column that relates to the Shamos Opinion Re: Lawson's
7 Prior Art Systems. And let me describe one more time
8 here. If you can go past -- up to the fifth red tab
9 in Exhibit 3.

10 THE COURT: Yes, in Exhibit 3. Does
11 anything before that fifth red tab have anything to do
12 with what we're talking about now?

13 MR. MCDONALD: I can't tell that it's
14 comprehensive, Your Honor, but I understand you're
15 going to limit me to what I can come up with right
16 now. So this is the --

17 THE COURT: Look, it's time to know what
18 you're talking about.

19 The other thing is if you all have got
20 this stuff so complicated you all don't understand it,
21 how is a jury going to understand it? Is there
22 anything before -- you pointed me to something else,
23 and I didn't understand what -- why the something else
24 even applied.

25 MR. MCDONALD: Well --

1 THE COURT: And you said, well, let's --
2 I'll take you to another part of it, and that is on --
3 I've marked it here as "means for searching for
4 matching items that match the entered product
5 information in the selected portions of the database."

6 Now, I don't understand how that relates
7 in any way to "means for building a requisition using
8 data related to selected matching items and their
9 associated sources," which is what you were explaining
10 to me.

11 MR. MCDONALD: This is the first one I
12 came to in my set. It's actually -- corresponds to
13 the next paragraph that starts on page 7, Your Honor.
14 I apologize for the confusion.

15 THE COURT: In other words, what I just
16 read from Exhibit 3 doesn't have anything to do with
17 the question we're talking about at all?

18 MR. MCDONALD: Well, I thought it had to
19 do with both paragraphs, Your Honor. Sorry if I
20 didn't understand.

21 THE COURT: How does it?

22 MR. MCDONALD: Well, the paragraph on page
23 7 talks about the "means for searching for matching
24 items in the database." That's this limitation here,
25 "means for searching for matching items that match the

1 entered product information in the selected portions
2 of the database." This is -- this corresponds to
3 that.

4 THE COURT: No, it doesn't. The term that
5 you -- let's go back to square one.

6 The term that you explained to me in the
7 brief, that was implicated by the -- the first of
8 those terms, that was implicated by the Markman
9 opinion is "means for building a requisition using
10 data relating to selected matching items and their
11 associated sources." I said to you, tell me where in
12 his report there is -- he comments, your man Shamos
13 comments on that. You said it's not in the report,
14 but it is in the charts. Where in the charts is it?
15 It's in Exhibit 3. Where in Exhibit 3 is it? It is
16 behind the fourth red tab that -- in Exhibit 3 in the
17 version tendered by Lawson and it's this entry; "means
18 for searching for matching items that match the
19 entered product information in the selected portions
20 of the database."

21 Now, I don't see how this serves to
22 explain the thing we're talking about on page 7 of
23 your brief yet.

24 MR. MCDONALD: You're right, Your Honor.
25 I was citing it to the other example in our brief, and

1 so --

2 THE COURT: No. Let's take the one we're
3 talking about.

4 MR. MCDONALD: All right. So if we go to
5 the sixth red tab.

6 THE COURT: On the sixth red tab, the top
7 column on the left is Shamos Opinion Re: Gateway; is
8 that right?

9 MR. MCDONALD: Mine says Shamos Opinion
10 Re: PO Writer. Okay. You've got the page that has
11 Gateway? Is that page the one that's on the Gateway
12 column stating "the reference discloses a means for
13 building a requisition"?

14 THE COURT: Wait a minute. Let's see. I
15 wonder if I got the right tab. Okay. The sixth red
16 tab has Shamos Opinion Re: PO Writer. Is that where
17 we are?

18 MR. MCDONALD: Yes.

19 THE COURT: Now, what is -- what in here,
20 on that page, do we talk about?

21 MR. MCDONALD: If you turn five pages
22 forward of that.

23 THE COURT: Five pages behind that. What
24 does the top column on the left say?

25 MR. MCDONALD: Asserted Claims.

1 THE COURT: All right. And the asserted
2 claim "means for building a requisition --

3 MR. MCDONALD: Right.

4 THE COURT: -- that uses data obtained
5 from said database relating to selected matching items
6 on said order list."

7 MR. MCDONALD: That's right.

8 THE COURT: Now, how does that have to do
9 with the quoted text in your report -- I mean in your
10 brief? The part that you -- see, what we're trying to
11 do here is explain to me how it is that your man's
12 report explains what it is that's responsive to the
13 claim construction opinion.

14 MR. MCDONALD: Well, this is the claim
15 element that corresponds to what's being discussed at
16 page 6 of the brief where, in a couple more pages past
17 that, the expert explains how the Lawson prior system
18 meets that limitation and it shows how the
19 limitation --

20 THE COURT: Where? I'm not talking about
21 a couple pages, this, that and the other. You're
22 going to have to show me where it is that it does it.

23 MR. MCDONALD: Right. Well, if we go --

24 THE COURT: We're hamstrung here by the
25 fact there are no pages and it's hard to find.

1 MR. MCDONALD: It does make it difficult;
2 I agree.

3 THE COURT: I just wonder if we're going
4 to get anywhere. I wonder if you don't need to go
5 back home and try again.

6 MR. MCDONALD: Well, you know, part of the
7 issue --

8 THE COURT: I'm going to give them
9 whatever time they need to respond.

10 MR. MCDONALD: I appreciate that, because,
11 I mean, we did have an expedited briefing schedule.

12 THE COURT: Yeah, but that's irrelevant.
13 And you know why it's irrelevant? Because you had a
14 lot of time to work with this expert on this report.
15 As far as -- I can tell you, this report is basically
16 useless. It is way -- it is convoluted. It is way
17 too long, but it doesn't relate the substance of the
18 opinions that are encapsulated and that perhaps
19 somebody who really was an engineer could -- could
20 understand related to something else in the chart, but
21 there's no way to understand what's in -- how the
22 chart relates to anything in this man's report. You
23 can't do that from looking at -- comparing the charts
24 to the report.

25 MR. MCDONALD: Well, it's very difficult.

1 THE COURT: How am I going to solve the
2 problem?

3 MR. MCDONALD: Well, Your Honor, I -- I --
4 I can see why you might want to limit the invalidity
5 opinions of Dr. Shamos to those set forth in our
6 invalidity contentions. That -- those charts are very
7 detailed. His information does correspond, with the
8 exception of what they have highlighted here, to the
9 materials in the invalidity contentions. And it is
10 explained, I think, in a relatively straightforward
11 way when you put those two documents together.

12 What I -- if I may address, though, the
13 issue of the Lawson prior art for a moment on the
14 issue of its relevance to issues other than
15 invalidity --

16 THE COURT: Well, we're on another topic
17 then.

18 MR. MCDONALD: Well, yes. And --

19 THE COURT: Where does this man even say
20 that?

21 MR. MCDONALD: Say what?

22 THE COURT: This expert. Where does he
23 say it's relevant to things other than invalidity?

24 MR. MCDONALD: It's paragraph 105 of his
25 report.

1 THE COURT: All right. Let me get that
2 out. All I remember was a very terse reference, but I
3 don't know.

4 MR. MCDONALD: Well, it was not a lengthy
5 reference, that's true, but whether or not the expert
6 frankly says it's relevant to other issues or not, the
7 context here is he's getting an invalidity report. We
8 were at least trying to give notice to ePlus that it's
9 relevant for other reasons and to discuss, for
10 example, on the royalty issue. You've got a couple of
11 issues here. The Lawson prior art prior to 1994, that
12 could be invalidating prior art.

13 THE COURT: Wait a minute. Let's go back
14 to the rules here.

15 MR. MCDONALD: Okay.

16 THE COURT: You say paragraph 105. Here's
17 what paragraph 105 says in its entirety: Although the
18 identified art as cited herein is relevant to
19 invalidity, the fact that these systems existed in the
20 prior art may well be relevant to the case in other
21 ways. For example, the existence of noninfringing
22 alternatives may be relevant to damages. I do not
23 comment on these other potential grounds for
24 relevance, but I understand my analysis of the prior
25 art may be used for other purposes.

1 Now, who is it going to be used by?

2 MR. MCDONALD: It may be used by the
3 damages expert. And I appreciate that Dr. Shamos as
4 the invalidity expert, based on this report, couldn't
5 give any detail at all on the damages issue, but
6 he's --

7 THE COURT: Basically, he doesn't even
8 opine in paragraph 105.

9 MR. MCDONALD: No. He does have an
10 explanation in the body of the report, though, about
11 the Lawson prior art system. He's got some
12 description of the Lawson prior art system and its
13 functionality. And that's something that our damages
14 expert would rely upon to say these are the options
15 Lawson had, not in 1994. Mr. Robertson was talking
16 about, well, 16 years ago, that's this obsolete, old
17 system. The hypothetical negotiation for the damages
18 for reasonable royalty don't take in place 2010. They
19 would have taken place in 2001 based on ePlus' own
20 damages expert saying --

21 THE COURT: Well, that's the law, isn't
22 it?

23 MR. MCDONALD: Pardon?

24 THE COURT: That's the law.

25 MR. MCDONALD: Right. Well, it's when the

1 infringement purportedly began.

2 THE COURT: Right.

3 MR. MCDONALD: Not today. And so that's
4 when he says the infringement began. Lawson had a
5 version 8 system in 2001. We should be allowed -- and
6 whether Dr. Shamos doesn't say anything about it is
7 fine with me. I don't need Dr. Shamos to talk about
8 this. I just want to make sure here --

9 THE COURT: Well, I want to tell you right
10 now; Dr. Shamos is not going to say anything about it,
11 and the reason is because he didn't opine about it by
12 his own admission in paragraph 105. And the Rules,
13 the Federal Rules say you give -- for an adequate
14 report, you give the opinion and the basis for the
15 opinion and -- you want me to get it out and read
16 it -- and then you've got to explain what you used
17 to -- what you relied on to get to that opinion, and
18 he doesn't do any of that with respect to how the
19 prior art could somehow be used other than as to
20 invalidity. So he can't testify about that. So
21 now -- I don't know what I'm ruling on beyond that.

22 MR. MCDONALD: Well, that's what I wanted
23 to get clarified, Your Honor. We maybe confused
24 things by putting it the way we did in his report, but
25 there was an issue here where ePlus had noticed up

1 Lawson for a deposition about its prior art systems,
2 and then when they saw that the Lawson prior art was
3 not in our supplemental invalidity contentions, they
4 said, oh, well, do we not need that deposition
5 anymore? And we said, well, no, we want to make it
6 perfectly clear that the Lawson prior systems are
7 relevant for reasons other than invalidity, so you
8 better make sure you take that deposition so you can
9 get that background information.

10 THE COURT: Yes, but that's not what's
11 before me today.

12 MR. MCDONALD: Well, and if that's clear,
13 then that's fine. As I understand it, the issue is
14 whether we're going to stop Dr. Shamos from talking
15 about the Lawson system as a prior art system and give
16 opinions on invalidity.

17 THE COURT: Yeah.

18 MR. MCDONALD: And that's a totally
19 different issue from whether or not the Lawson systems
20 that preexisted the hypothetical negotiation would be
21 at issue.

22 THE COURT: I'm not ruling on that. It
23 may very well be that you can't get it in, but I'm not
24 ruling on it today except that it cannot come in
25 through Dr. Shamos because he didn't, by his own

1 words, didn't opine pursuant to it on the topic. So I
2 don't even know why the issue is here, to tell you the
3 truth, except I think they're trying to say that --
4 that there is no way that the invalidity -- that the
5 prior art can come in in context of any issue other
6 than invalidity, and therefore, you're just trying to
7 and end run on the fact that you can't get it in on
8 validity. That's what I think your position is in
9 this argument.

10 MR. MCDONALD: Right. And that's why we
11 tried to make it clear within days of supplementing
12 our invalidity contentions that these systems are
13 relevant. The dates are different. It's 2001 is the
14 relevant date. What prior Lawson systems are
15 available prior to 2001 on the damages --

16 THE COURT: Wait. That's on another
17 issue, though.

18 MR. MCDONALD: Okay.

19 THE COURT: I'm not ruling on it. That's
20 not before me now.

21 MR. MCDONALD: Okay. That's fine. Then
22 we do have an understanding on that.

23 And obviously, opinions about invalidity,
24 talking about invalidity as such, that's not the issue
25 on damages. Those are obviously two discrete issues.

1 But I heard some discussion here mixing
2 the invalidity opinion with the facts regarding the
3 Lawson systems; what systems did Lawson have in those
4 earlier years, how did they operate, what was their
5 functionality. Dr. Shamos' report, beginning at page
6 31, provides the facts regarding how Lawson's prior
7 art software worked. Those facts summarized there --
8 and that continues, I believe, to page 42 of his
9 report. Those would be facts that we believe our
10 damages expert can rely upon in rebuttal to the
11 royalty opinions of ePlus' expert to say this is some
12 evidence, this is factual information about --

13 THE COURT: Excuse me, though.

14 MR. MCDONALD: Sure.

15 THE COURT: Let me -- you're saying that
16 from 31 to 40 --

17 MR. MCDONALD: Forty-two.

18 THE COURT: -- 2 is not being offered for
19 invalidity.

20 MR. MCDONALD: Well, we had, but I
21 understand you're going to rule we can't use it for
22 that. I'm now saying that we're --

23 THE COURT: I didn't rule anything. I'm
24 trying -- I'm at the point where I'm trying to
25 understand what the Sam Hill you all are talking about

1 and what it is that your expert -- now you're telling
2 me that what you -- the paragraph that says -- starts
3 at 117 and goes to page 41 -- 43, at paragraph --
4 through paragraph 151.

5 MR. MCDONALD: Actually, it would be up to
6 paragraph 144 on page 42. That's the end of the
7 Lawson discussion.

8 THE COURT: On page 42?

9 MR. MCDONALD: Yes.

10 THE COURT: Paragraph 144. All right. Go
11 ahead. So that is not being offered for -- as prior
12 art for invalidity. It's being offered to explain
13 something else. Is that the point?

14 MR. MCDONALD: That's my point; that that
15 would be a separate reason of admissibility of this --
16 this opinion or this analysis, apart from invalidity.

17 THE COURT: Yeah, but in that answer, you
18 didn't answer the question. You said something to the
19 effect that's the reason why it would be related for
20 another reason as well.

21 Now, my question is back to square one.
22 Are you agreeing that this Lawson discussion from
23 paragraph 117 through 144 is not being offered by
24 Shamos on the issue of invalidity? Do you agree with
25 that or disagree with that?

1 MR. MCDONALD: I disagree with that. That
2 was the intent.

3 THE COURT: All right. Now -- all right.
4 Now, why is it pertinent to the issue, why are these
5 paragraphs pertinent to the issue of invalidity given
6 that you did not disclose these in your supplemental
7 invalidity contentions? Why are they -- how do they
8 get in, given that you violated the instruction that
9 you were given?

10 MR. MCDONALD: Because we did not violate
11 any instructions given to us, Your Honor. We did
12 streamline our invalidity contentions in the
13 supplemental set on April 9th, but there were no
14 instructions to us that we had no opportunities after
15 that date under any circumstances to either, A,
16 further supplement those or, B, have any variation
17 whatsoever in our expert report from what's in those.
18 That was not in the order of the Court and we did not
19 understand it that way. We certainly --

20 THE COURT: You were told that if you
21 didn't have the prior art in these supplemental
22 contentions so people could understand what you were
23 talking about, it wasn't going to come in at trial. I
24 don't know how on earth you could think you could get
25 it in by sticking it in an expert's opinion. That's a

1 disingenuous argument, I think.

2 MR. MCDONALD: Well, you have the court
3 order in front of you, Your Honor. We certainly
4 understood the Court's desire that we limit and bring
5 down, pare down our invalidity contentions, but we
6 honestly did not understand that it was going to
7 become immutable on that date, regardless on either
8 what our expert thought or regardless of whether the
9 Markman decision of the Court deviated and went
10 broader than what we had proposed.

11 THE COURT: You're just running on about
12 topics that are unrelated. Now, if the Markman opens
13 the door, then we can talk about that. What part --
14 tell me how you are confused by the text on April -- I
15 mean on March the 26th, beginning with page 4.

16 What is it that led you believe that you
17 could do what you've just said; get it in in an
18 expert's opinion, if you didn't put the contention in
19 in the supplemental contentions list?

20 MR. MCDONALD: Well, these are the
21 initial infrin- -- excuse me. These are the initial
22 invalidity contentions that we had supplemented. This
23 would now be the second time --

24 THE COURT: No, they're not supplemented.

25 MR. MCDONALD: -- initial invalidity

1 contentions. That's what they were called. That was
2 what was at issue at that point, and we did not
3 understand that that was going to be a final version.
4 And if we misunderstood, I apologize, Your Honor, and
5 I understand that we're going to --

6 THE COURT: Tell me what confused you in
7 this transcript so I'll understand.

8 MR. MCDONALD: Well, there was no
9 statement that we could not make further deviations
10 after we supplemented, and moreover, there was really
11 no mention even pending at that point regarding
12 requiring us to comply. The hearing before the Court
13 was actually our motion to compel regarding --

14 THE COURT: Do you not understand that in
15 the give and flow of discussions things come up and
16 when you're told to do something by a court, you're
17 supposed to do it?

18 MR. MCDONALD: Yes, and we did it.

19 THE COURT: Well, you didn't do it.

20 MR. MCDONALD: We came down and --

21 THE COURT: You say, well, oh, I didn't --
22 I didn't think I had to do what the Court said.

23 MR. MCDONALD: We did in good faith, Your
24 Honor, with paring down that list as much as we could
25 knowing what we knew on April 9th, and we did that in

1 good faith.

2 THE COURT: You know what? That will get
3 you a Coke in the words of Bear Bryant. That wasn't
4 what you were told to do is pare it down as much as
5 what you knew. You were told to put in the references
6 that you were going to live with for the case in your
7 supplemental filing. That's what you were told to do.

8 What is the -- where is the page that says
9 that, Mr. Robertson? You quoted it.

10 MR. ROBERTSON: Your Honor, I believe it's
11 page 9 of the transcript: You're not going to get
12 anything else -- the Court says -- okay, until you
13 straighten ourself out. You're not getting anything
14 else. That's the end of it. I'm done negotiating. I
15 think you've all gone off the deep end, and you all
16 have not gotten this thing organized the way that it
17 needs to be organized. You came here. You told me
18 you were going to --

19 THE COURT: No. I'm talking about where I
20 told them that if they didn't get it in -- you cited
21 it earlier, if they didn't list it, it's --

22 MR. ROBERTSON: Let me see if I can find
23 it, Your Honor. What you're supposed to do is --

24 THE COURT: What page is it?

25 MR. ROBERTSON: I believe it's page 7,

1 Your Honor.

2 What you're supposed to do is object, and
3 they haven't complied with the court order. You told
4 them that they haven't. If they don't comply, bring
5 it to the Court for a decision on that front instead
6 of arguing about it. And you go on to say, I've never
7 seen any prior art references allegedly invalidating
8 references as crazy as this. You are just going to
9 have to pick -- well, Your Honor, Mr. McDonald
10 objects.

11 Wait a minute, Mr. McDonald. You told me
12 you were going to have seven or eight, and I want you
13 to do them like I said; claim by claim, element by
14 element, what is it that in the prior art invalidates
15 it, and then you take the page of the prior art and
16 not only do you write it out, you highlight it and you
17 hand it to them.

18 And then also, Your Honor, Exhibit D to
19 our motion to the April 29 conference we had on this
20 where we were discussing the second court-ordered
21 supplemental invalidity intentions, and the Court
22 indicates -- after there's a dispute about whether or
23 not the Lawson 6.0 version is in the supplemental
24 contentions, Mr. McDonald indicates the document will
25 speak for itself. And then you state, I have to see

1 more about it, but I can tell you one thing; if it's
2 not in that answer, that disclosure, it's not coming
3 in. I'll leave it for another day, a motion in limine
4 to be dealt with or a motion later in connection with
5 summary judgment or whatever I have to do to consider
6 what is -- it is the facts may be on that particular
7 question. But the bottom line is if he wasn't told,
8 if he wasn't -- if that system wasn't disclosed,
9 there's going to be no discussion about it. All
10 right. That's prior art. All right. Anything else?

11 And that's the April 29th transcript at
12 page 24 to 25.

13 THE COURT: Now, what part of that didn't
14 you understand you were supposed to do?

15 MR. MCDONALD: Well, on March 26th or
16 March 30th, Your Honor, we did not understand what you
17 said on April 29th. You hadn't said before April 29th
18 that if it wasn't in that supplemental contention, it
19 would be out of the case forever. It comes up April
20 29th. Within six days of that date, we filed our
21 expert report.

22 THE COURT: Okay. Mr. McDonald, I want to
23 tell you something. The fault here is mine for not
24 hitting you in the head with a 2 by 4, and you played
25 cute with it. And you're going to get by with it now,

1 but you're not getting by with being cute here
2 anymore. You have botched up this case fairly well.

3 Now, I made a mistake. I thought I made
4 clear what you were expected to do, and I should have
5 made it much clearer. I see now what I'm dealing
6 with. I'm not accustomed to having to deal with folks
7 who act like that.

8 MR. MCDONALD: I apologize, Your Honor,
9 and believe me --

10 THE COURT: I don't care one way or the
11 other. I don't want to hear it.

12 I guess I have to deal with this, but
13 looking at Mr. Shamos' report, I find it to be the
14 blathering of somebody whom I can't understand. And
15 there's -- there seems to be no nexus between this
16 Exhibit 3 and the report. How is there a nexus?
17 Would you tell me that?

18 MR. MCDONALD: Well, what it does is it
19 goes through the element-by-element analysis. The
20 report itself talks about it. It describes the
21 systems at issue in a little more general terms, just
22 what are they, the way the expert might opine about
23 that at trial while in front of the jury. But he's
24 got these specific charts that I would envisualize
25 being exhibits, demonstrative exhibits for the jury to

1 see how the prior art --

2 THE COURT: But they don't mean anything.
3 You know, you still have yet to tell me how one
4 reading the report could, in fact, relate to even know
5 to go to Exhibit 3. Will you start with that? How do
6 you -- show me where, if I have the report in front of
7 me, as I do, I'm going to go to the Exhibit 3.

8 MR. MCDONALD: Paragraphs 260 and 271 of
9 his report at page 75.

10 THE COURT: Hold on. 260 and 271.

11 MR. MCDONALD: And --

12 THE COURT: Just a minute. I need to get
13 there.

14 MR. MCDONALD: Okay. Sure. Pages 75 to
15 76.

16 THE COURT: All right. Where?

17 MR. MCDONALD: Paragraph 260 refers to
18 those Exhibit 3 and 4 as the explanation for how all
19 the asserted -- and in conclusion, anyway, after the
20 prior 75 pages -- all of the asserted claims are
21 anticipated as explained in those exhibits.

22 So that would refer the reader to, okay, I
23 need to go look at those exhibits to see the
24 explanation for that in more detail than what's set
25 forth in the prior 74 pages. The paragraphs at 270 to

1 273 similarly walk through the other grounds for
2 invalidity as set forth in Exhibits 3 and 4.

3 And 273 refers to the hybrid claims or
4 this issue of mixing method and apparatus elements in
5 the same claims.

6 THE COURT: I don't want to hear about
7 that right now.

8 MR. MCDONALD: Okay.

9 THE COURT: I want you to show me how
10 anybody can take paragraph 260 and 271 and go to
11 Exhibit 3 and then understand what it means.

12 MR. MCDONALD: Well, this is actually
13 pretty typical in terms of how experts set forth their
14 invalidity analysis.

15 THE COURT: It may be typical in your
16 cases, but it's not typical in the way that I've seen
17 it done or the way that I've had here.

18 MR. MCDONALD: Well, ePlus wasn't
19 complaining about the format here, Your Honor. I
20 think they understood it, because they focused their
21 objections on specific issues regarding particular
22 pieces of prior art.

23 THE COURT: I'm concerned about it because
24 I have to rule. I'm confronted now with a lawyer who
25 says I didn't understand, I didn't understand, I

1 didn't understand that which was perfectly clear. And
2 you understood it before the expert gave this -- gave
3 his report. You understood it by then. That's
4 April 29th. You knew that, right?

5 MR. MCDONALD: Well, we knew on April --

6 THE COURT: Right?

7 MR. MCDONALD: Yes.

8 THE COURT: Yeah, you knew it. So by the
9 29th of April, you knew it. The problem is I didn't
10 put it all in one single order because I didn't
11 apprehend that you couldn't understand what was made
12 clear on the record, and so by the time that this
13 report comes out, you were told to do something.

14 Now, I'm trying to -- and you know you're
15 supposed to do something, and I'm trying to ascertain
16 how we can go back and -- and apply your grounds for
17 wanting relief from what you clearly understood on
18 April the 29th, or whatever it was. April the 9th I
19 guess it was.

20 MR. MCDONALD: No. April 9th is when we
21 actually supplemented --

22 THE COURT: All right. April 29th I guess
23 it was.

24 MR. MCDONALD: Yeah.

25 THE COURT: And you tell me that you get

1 relief because the Markman opinion opened the door for
2 you, and you've told me that in two ways. And then
3 you point me to this Exhibit 3 because the text, the
4 270-something paragraphs of the text of your report
5 doesn't deal with the construction in the Markman
6 opinion or how it is that that is -- that it's
7 necessary to use the Lawson systems in order to
8 explain that -- the invalidity argument as the claims
9 are interpreted.

10 So I'm now in a position of trying to
11 figure out how that -- to make that connection, and I
12 still don't know how to make it. And I don't know how
13 to make it because there's no nexus. You don't have
14 any idea that that nexus is supplied by paragraph 260
15 and 271. It just doesn't fly. That's just his
16 statement. Well, you can go look at some documents
17 back here in the exhibits, no telling where, and
18 they'll explain why they're invalid. That's what his
19 invalidity opinion amounts to.

20 MR. MCDONALD: Yeah, that was --

21 THE COURT: I can't even relate them.
22 Now, you help me relate them, I'm asking you to do,
23 and then I'll see the validity of your argument.

24 MR. MCDONALD: All I can tell you about
25 that, Your Honor -- if it's not enough, it's not

1 enough. I understand that, but I'll tell you what we
2 have on that is the expert going through these
3 elements and saying that the Lawson prior systems
4 satisfies those elements that correspond to the
5 elements at pages 6 and 7 of our brief.

6 He doesn't go on and explain that the
7 construction is different of those elements in the
8 Markman order versus something else. I would
9 acknowledge he doesn't go through that explanation.
10 And if that's not enough to let that in, I understand
11 what you're saying. But that's what he did.

12 And when you do look at even those
13 preliminary invalidity contentions we provided that
14 did describe the Lawson prior systems, at least we
15 were consistent in terms of not contending that those
16 limitations were in there based on the constructions
17 that were being propounded earlier in the case. So I
18 understand that, though. I don't have more than that.

19 THE COURT: I still don't know what you
20 said about how what he did in Exhibit 3 relates to the
21 first clause, the first term construed on page 6 of
22 the brief, which is your effort to explain to me why
23 the general principle that if the Markman brief --
24 Markman opinion changes things in some way, you're
25 entitled to address it, which is clearly the law, but

1 I don't know how you're addressing it. Tell me, how
2 do I address it? Where do I go here to see it? I'm
3 trying to find it on these pages --

4 MR. MCDONALD: Well, the --

5 THE COURT: -- in Exhibit 3.

6 MR. MCDONALD: You want to have page
7 numbers now at this point?

8 THE COURT: Well, there's no page number.
9 Exhibit 3. There's no page number.

10 MR. MCDONALD: Exhibit 3. That's right.
11 What I have, for example, is -- if we go to those tabs
12 again, if you want to try to do that.

13 THE COURT: It's the only choice I have.

14 MR. MCDONALD: So the fifth red tab. I'm
15 going to start with the "means for searching" first.

16 THE COURT: "Means for searching for
17 matching items that match the entered product
18 information in the selected portions of the database."
19 Is that what you are talking about?

20 MR. MCDONALD: Yes. Just a minute.

21 THE COURT: Or are you talking about
22 what's literally on the first page -- that's after the
23 fourth red tab.

24 MR. MCDONALD: Yeah, the "means for
25 searching," you're right, that's after the fourth tab.

1 If you go past the fifth red tab to the very next
2 page, so this is a continuing discussion of that
3 "means for searching" element.

4 THE COURT: So --

5 MR. MCDONALD: This one has got the top of
6 the page that says Shamos Opinion Re: Gateway in the
7 left column. The third column says Shamos Opinion Re:
8 Lawson's Prior Art System.

9 THE COURT: That's the tab. That's the
10 fifth red tab. The page after it says Shamos Opinion
11 Re: Gateway. Is that what you want?

12 MR. MCDONALD: No. Go to that page -- if
13 that was your fifth page, it wasn't mine. But if your
14 fifth tab says Shamos Opinion Re: Lawson's Prior Art
15 System, that's what I'm looking for.

16 THE COURT: The fifth tab says -- the
17 fifth red tab in Exhibit 3, the very first column on
18 the left says Shamos Opinion Re: Gateway.

19 MR. MCDONALD: Okay.

20 THE COURT: Then the next heading says
21 Lawson's Prior Art System, paren, Per Supplemental
22 Invalidity Defenses.

23 MR. MCDONALD: Okay. That's the page I'm
24 talking about.

25 THE COURT: Okay.

1 MR. MCDONALD: In the third column, then
2 it's got the Shamos Opinion Re: Lawson's Prior Art
3 System.

4 THE COURT: What does it say?

5 MR. MCDONALD: It -- I can summarize it.
6 I assume you don't want me to quote it verbatim. But
7 my point is this is where he talks about how that
8 "means for searching" is satisfied by the Lawson prior
9 art system.

10 THE COURT: His opinion is Lawson's prior
11 art software allowed for fields of product information
12 that partially describes an item to be entered via a
13 screen on the computer running Lawson's software,
14 period. Is that it?

15 MR. MCDONALD: Well, that's the first
16 sentence of it, but --

17 THE COURT: Well, that's the opinion.
18 Then he's giving you a reason; for example. I mean,
19 you all have got to pay attention to what goes on in
20 the sentence structures of what you're offering here.

21 Okay. For example, a user could enter an
22 item number for an item to search for a desired item
23 with that item number, and then he puts that in there,
24 period. The item code is a key field, puts the key
25 field in there, that the system uses to access the

1 data for information, and then there's a number. As
2 another example -- he uses two examples to back up his
3 opinion, which is in the first line, right?

4 MR. MCDONALD: Yes.

5 THE COURT: All right. A user could enter
6 a generic name describing an item and search that way,
7 and there's a number. The user interface is disclosed
8 as a search screen for Item Screen Code IC30.1, and
9 then there's a number. Okay. Now, is the next part
10 of it there too; The user interface was a screen and
11 keyboard for which the user could enter information?
12 Is that part of it too?

13 MR. MCDONALD: Yes, it is.

14 THE COURT: Okay. So that -- now -- and
15 he's there addressed what you say was opened up by the
16 Markman?

17 MR. MCDONALD: Yes.

18 THE COURT: "Means for building a
19 requisition using data relating to selected matching
20 items and their associated sources;" is that right?

21 MR. MCDONALD: Yes.

22 THE COURT: All right. Now, is that it --

23 MR. MCDONALD: I've --

24 THE COURT: -- or do we need to go to the
25 next one, the next example, the next -- the next thing

1 you told me that the Markman opened up was -- what's
2 the next one?

3 MR. MCDONALD: The "means for building a
4 requisition. "

5 THE COURT: Well, where is it? That's
6 what I'm saying.

7 MR. MCDONALD: In the brief or in the
8 chart?

9 THE COURT: In the brief.

10 MR. MCDONALD: Page 6.

11 THE COURT: The corresponding structure
12 is? Is that what you mean?

13 MR. MCDONALD: Yeah. That's the middle of
14 the paragraph discussing it.

15 THE COURT: No, but is that -- is that the
16 claim construction that you say is --

17 MR. MCDONALD: Yes, that's the one that
18 talks about the structure that the Court ordered,
19 that's right.

20 THE COURT: All right. So that's -- the
21 first one -- the first place where the Markman
22 construction opens the door is what we've already
23 talked about, "means for building a requisition using
24 data relating to selected matching items and their
25 associated sources." The second one that opens the

1 door is "a requisition module operating on a computer
2 system having access to a database and its
3 equivalents," right?

4 MR. MCDONALD: No. The first one we
5 talked about was the "means for searching," Your
6 Honor, that's on page 7. That's the one we just went
7 to a few moments ago.

8 Now we're talking about the second one,
9 which is the "means for building a requisition." The
10 quoted language that you have set for the
11 corresponding structure is the actual court
12 construction of that second limitation.

13 THE COURT: And so you took the second one
14 first and now you're taking the first one second?

15 MR. MCDONALD: Right. They're just in
16 that order in the chart.

17 THE COURT: Okay. Now, where is -- where
18 is "means for building a requisition using data
19 related to a selected matching items and their
20 associated sources" located? I've asked you that
21 about five times, and each time what you've answered
22 me is what appears actually on the top of page 7, the
23 "means for searching for matching items in the
24 database" term.

25 But now we've gotten straight, I think,

1 that what you've been talking about up to this point
2 in Exhibit 3 relates to the statement on the top of
3 page 7 that I just read, "means for searching for
4 matching items in the database," and that's what
5 you've been saying.

6 Now -- trying to say. But you've been
7 responding to my question that related to the other
8 term. Now we're going on to the other term, "means
9 for building a requisition using data related to
10 selected matching items and their associated sources."
11 Where -- where in Exhibit 3 is that text so I can see
12 what we're talking about there?

13 MR. MCDONALD: Well, if we go to the sixth
14 red tab, Your Honor.

15 THE COURT: That says Shamos Opinion Re:
16 Gateway?

17 MR. MCDONALD: Okay. And then if you
18 go --

19 THE COURT: Is that it?

20 MR. MCDONALD: It's not the same as mine,
21 but I found the page you're on. So I can correlate to
22 that. If you go three pages past that one, does that
23 have Asserted Claims in the upper left?

24 THE COURT: Yes. All right. I've got
25 that.

1 MR. MCDONALD: All right. This is the
2 "means for building a requisition." This relates to
3 the selected matching items. It's not the exact same
4 means for building a requisition as set forth in the
5 brief, but it's -- it's construed the means for
6 building a requisition elements of the claims were
7 generally construed similarly by the Court in terms of
8 what's the corresponding structure, the requisition
9 module.

10 THE COURT: Well, let's get the exact
11 thing and see what we're talking about here.

12 MR. MCDONALD: Pardon?

13 THE COURT: I'm trying to get -- in
14 Shamos' exhibit here, 3, what it is you're talking
15 about that is in the first line of the last full
16 paragraph on page 6 of your brief, which is the second
17 item that you say is called up for special treatment
18 by the Markman opinion?

19 MR. MCDONALD: Well, the Court's
20 construction of that is identical to the one on this
21 page, even though the means language is slightly
22 different than the exact one I've cited here. The
23 corresponding structure, as quoted on page 6, is a
24 requisition module operating on a computer system,
25 having access to data and the database and its

1 equivalents. That's the same claim construction as
2 set forth under the As Construed column.

3 THE COURT: It may be the same in your
4 view. I don't know whether it is or not. I am
5 looking for the one that actually corresponds to the
6 text you used to tell me where the Markman opinion
7 opened the door for you. Where is it?

8 MR. MCDONALD: I don't have that one at my
9 fingertips. I've got just the one with the exact same
10 claim construction by the Court.

11 THE COURT: I don't know how I can rule on
12 it until I get it.

13 MR. MCDONALD: I can try to supplement it,
14 Your Honor, if that will help.

15 THE COURT: No, I don't want it
16 supplemented. I want to deal with it now. I am
17 trying to get this matter on track.

18 MR. MCDONALD: I appreciate that. Alls I
19 can say is this one does have the same claim
20 construction, and if you go another four pages, you'll
21 see where Dr. Shamos shows how that corresponds in the
22 Lawson prior system to that particular definition of
23 the corresponding structure for the means for building
24 a requisition. Those are the examples I can give kind
25 of on the fly right now.

1 THE COURT: I don't know what to do. I
2 mean, you came in here with two examples in your brief
3 and I would have thought you'd be prepared to point to
4 the one that you're talking about.

5 Are you saying that his opinion is
6 virtually identical if I look at the references that
7 you're telling me to look at, even though the words
8 are different?

9 MR. MCDONALD: Well, because the claim
10 constructions of the Court are similar, yes, his
11 analysis, I believe, does track it where we've got the
12 same claim construction. His analysis of the Lawson
13 prior art is also the same, if I recall correctly,
14 Your Honor. I mean, I can try and figure that out
15 between today and tomorrow, Your Honor, and try to
16 give you specific cites as soon as possible.

17 THE COURT: All right. Anything else?

18 MR. MCDONALD: Can I turn to the hybrid
19 claims issue for a moment?

20 THE COURT: Yeah. Where are they?

21 MR. MCDONALD: They're at the supplemental
22 invalidity contentions at pages 134 and 137 and 140.
23 That was what we sent to the Court last Thursday, I
24 believe, that was highlighted in green, and it shows
25 that we did present the invalidity attack based on the

1 hybrid nature of mixing method and apparatus
2 limitations.

3 The only distinction here is that in our
4 invalidity contentions, that was labeled as an
5 invalidity grounds under Section 112, which is
6 indefiniteness. Whereas in the Shamos report, that
7 was labeled as a Section 101 issue for statutory
8 subject matter. And as we indicate --

9 THE COURT: Aren't they different?

10 MR. MCDONALD: Those are two different
11 statutory sections, that's correct.

12 THE COURT: But you didn't then offer his
13 opinion as to 112.

14 MR. MCDONALD: We did not use 112 in his
15 report, that's correct, Your Honor. We're saying that
16 the substance was there. To the extent --

17 THE COURT: Substance of what was there?

18 MR. MCDONALD: That he specifically says
19 the same thing we say in the invalidity contentions,
20 which is these particular claims of the -- I think it
21 was the '516 Patent were invalid because they
22 contained both system for apparatus and method
23 limitations.

24 So the substance was there a hundred
25 percent. He just put the wrong statutory label on it

1 or a different label from what --

2 THE COURT: What do you mean he put the
3 wrong statutory label on it? I thought you were
4 offering his opinion to show that it was -- it's
5 invalid under Section 101.

6 MR. MCDONALD: Well, that's what it
7 states.

8 THE COURT: You're saying that's a typo?

9 MR. MCDONALD: That was an error. That
10 was an error. It should have been 112.

11 THE COURT: No. Was it a typographical
12 error?

13 MR. MCDONALD: I don't think it was a
14 typographical error, no.

15 THE COURT: So his opinion is, as stated
16 in his report, is that it's invalid, the hybrid
17 provision is invalid under Section 101.

18 MR. MCDONALD: That's what's stated in his
19 report.

20 THE COURT: And there was no analogue to
21 that before in any of your earlier invalidity
22 contentions; is that correct?

23 MR. MCDONALD: Well, the reference to
24 hybrid before in the contentions related to 112 and
25 not 101, if that's what you're getting to.

1 THE COURT: Yeah, but there was no
2 forerunner to 101.

3 MR. MCDONALD: Not to 101.

4 THE COURT: The 101 was new, right?

5 MR. MCDONALD: That's right.

6 THE COURT: Okay. All right.

7 MR. MCDONALD: We would just ask for
8 leave, if that's necessary, to amend his report. But
9 you're right; there are two different statutory bases.
10 That's right.

11 THE COURT: All right.

12 MR. MCDONALD: The remaining issues had to
13 do with some other documents that supported the prior
14 art references that were identified in the invalidity
15 contentions on April 9; Gateway, SABRE and J-Con
16 references.

17 THE COURT: Wait a minute. Is that in the
18 supporting documents?

19 MR. MCDONALD: Yes. What I'm talking
20 about, the issue being that we had disclosed some
21 documentation in our invalidity contentions while we
22 said we were contending that those systems were prior
23 art back on April 9th, those same systems that are in
24 the Shamos report. He relies on a couple more
25 documents to describe the same systems as were

1 identified in the supplemental invalidity contentions.

2 THE COURT: And the systems are J-Con?

3 MR. MCDONALD: Right.

4 THE COURT: Gateway and what?

5 MR. MCDONALD: And SABRE.

6 THE COURT: And SABRE. And he uses what?

7 MR. MCDONALD: He uses a couple of more
8 documents that relate -- I think it's one more
9 document on one of the two systems and two on the
10 other two that relate to the same systems.

11 THE COURT: But what they say is that they
12 aren't just supporting documents. They are, in fact,
13 prior art references. That's what they're saying.
14 How do you respond to that contention; that the
15 documents that he -- how many documents are there, by
16 the way, that you've offered up? How many,
17 Mr. Robertson?

18 MR. ROBERTSON: Well, there are now 15
19 total, but many of them are manuals, Your Honor. They
20 are very thick manuals.

21 THE COURT: I'm not interested in how much
22 you have to read. I'm interested in the total number.

23 MR. ROBERTSON: The total are 15 now.
24 Only six were previously identified in the second
25 supplemental.

1 THE COURT: Fifteen and six. So you have
2 added nine documents. They are great volume
3 documents, he says. But how -- their point is that
4 those added documents are really prior art references
5 and you're trying to squeak them in because you didn't
6 get them in earlier. You're saying they're just
7 supportive of the fact that something was prior art.
8 How can you explain your position further?

9 MR. MCDONALD: It has to do with the
10 separate categories that qualify as prior art. One
11 category is a printed publication, and that relates to
12 the case law they cite where if you're relying on that
13 particular subset of prior art or printed publication
14 like an article, then all of the elements of the
15 claim -- if that's going to be an anticipating
16 reference, all the elements of the claim have to be
17 within that single document. There are other
18 categories of prior art other than printed
19 publication, and we cited them in our invalidity
20 contentions and in the Shamos report. What's --

21 THE COURT: What difference does any of
22 this make, though?

23 MR. MCDONALD: Because the case law is
24 different on whether you can use additional supporting
25 documents to prove public use or on sale. Those

1 are --

2 THE COURT: But that's not what we're
3 talking about. We're not talking about those
4 principles. We're talking about a much more simple
5 issue, and that is that you added 15 -- you added nine
6 more documents as prior art to the prior art you
7 previously had articulated.

8 Now, I'm not following why your discussion
9 of these other theories is appropriate here.

10 MR. MCDONALD: Well, because we believe
11 it's perfectly consistent with our original
12 contentions and even our supplemental contentions that
13 do specify those systems as on sale to simply have
14 extra documents that are relating to the same public
15 use or sale event.

16 We don't believe it is a significant
17 enough deviation here from the invalidity contentions
18 to preclude our expert from basing his opinion at
19 least in part on those additional documents.

20 THE COURT: Did your invalidity
21 contentions to begin with involve prior sale?

22 MR. MCDONALD: Yes. We cited prior sale
23 and public use under 102b, in addition to printed
24 publication.

25 THE COURT: Which references?

1 MR. MCDONALD: For all three of those;
2 SABRE, Gateway and J-Con.

3 THE COURT: No, no. Which references fit
4 into that category?

5 MR. MCDONALD: I'm not sure if I
6 understand what you mean by references. You
7 mean which --

8 THE COURT: Which prior art fit that
9 category that you previously cited? You're now
10 telling me -- what you're trying to do is to say
11 you've previously put them on notice of this theory
12 that -- of a prior sale, and they say no, you have
13 added that as new, that's all new. And you're saying
14 no, we put it in before. And I'm saying in which of
15 the prior art references did you put it in? Of the
16 six you originally posited, or seven, which did you
17 originally put it in? Which one contains the proof
18 that it is -- was prior sale?

19 MR. MCDONALD: Okay. Well, the
20 document --

21 THE COURT: Here. If you're adding new
22 stuff, then you're out under their theory. If you're
23 not, then you've got a different problem. And you're
24 saying, well, we really are not adding anything new
25 because we had a prior sale issue and it was in

1 that -- we identified the prior art -- the prior
2 sale -- prior art that identified the prior sale and
3 that's it. So where is it?

4 MR. MCDONALD: Well, we identified it in
5 some -- and we also identified those six references to
6 go with those three, the second supplemental
7 invalidity contentions, and the witnesses we
8 identified --

9 THE COURT: I don't want to --

10 MR. MCDONALD: -- April 9th as well will
11 tell you that.

12 THE COURT: Give me the name of the
13 publication that you're relying on. Maybe I'll try it
14 that way.

15 MR. MCDONALD: Okay. In the original --
16 in the supplemental --

17 THE COURT: In the supplemental ones that
18 you were told to put it all together in one place and
19 list it precisely.

20 MR. MCDONALD: Pardon me, Your Honor. At
21 page 3 of Lawson's second supplemental initial
22 statement of invalidity defenses, we describe the
23 specific documents that at that point supported the on
24 sale/on public use art as well as printed publication
25 for the SABRE, the J-Con. And then for Gateway, it

1 goes from page 3 and continues to page 4. Do you want
2 the specific Bates numbers?

3 THE COURT: No. I just want to know what
4 you're talking about.

5 MR. MCDONALD: Okay. Well, for the J-Con,
6 we talked about the J-Con manual, and we say that it
7 qualifies as prior art as in public use and on sale in
8 this country more than one year before the patent
9 application.

10 Then we say, Additionally, the J-Con
11 manual qualifies as prior art under 35 U.S.C. 102a as
12 a printed publication; again, more than one year prior
13 to the date of application. So we set forth these
14 separate grounds for that qualifying as prior art.

15 THE COURT: So what are you adding now?

16 MR. MCDONALD: We've got a couple of
17 additional documents on each of those that describe
18 the system further that was on sale or in public use.

19 THE COURT: I mean, it would take me --
20 I'd have to sit down and devote myself to nothing but
21 this case to follow which one of you is right.

22 MR. ROBERTSON: I have no objection, Your
23 Honor, to their reliance on that document that's
24 identified there. Like they said, my problem is
25 they've added three more now in the Shamos report.

1 THE COURT: Yeah. What about three more?
2 That's what I'm asking you. How do you justify those?

3 MR. MCDONALD: We justify those as -- with
4 the further analysis by the expert between April 9th
5 and May 5th --

6 THE COURT: So he just did more work and
7 you put up more evidence. Is that what it boils down
8 to?

9 MR. MCDONALD: Yes, yes, Your Honor. But
10 within 26 days, before fact discovery closed, in time
11 for our expert -- initial expert reports and in time
12 for ePlus to file a rebuttal expert report and take
13 the depositions from the witnesses regarding these
14 systems. So we think it's timely.

15 THE COURT: Look, Mr. -- I want you to
16 understand something. All these -- when you're told
17 to do something, your right to rely on the fact that
18 it's X days before the fact discovery and such and
19 such don't count. You can't play that game. When
20 you're told to do something, you do it, and you do it
21 by the date you're told to do it, and if you don't do
22 it, there are consequences. And your rationalization,
23 well, they have plenty of time left doesn't cut it,
24 and I wish you'd try to understand that.

25 MR. MCDONALD: I'm sorry, Your Honor.

1 THE COURT: All right. Anything else?

2 MR. MCDONALD: Well, the other category
3 has to do with just an article -- I think two
4 particular documents that are not themselves prior art
5 references that were linking up element by element.
6 It's this Baxter Healthcare article and then a report
7 on various search engines that are available.

8 Dr. Shamos does not use those in his
9 charts. He does use those in his report to give
10 background and context for what the state of the art
11 was at the relevant time to his invalidity analysis.

12 THE COURT: How is that different from
13 prior art?

14 MR. MCDONALD: Pardon?

15 THE COURT: How is that different from
16 prior art? How are those articles not prior art?
17 What's the other one? Baxter article and what's the
18 name of the other?

19 MR. MCDONALD: It's -- I'll call it the
20 search engine summary or report on available search
21 engines. I can't remember the --

22 THE COURT: How is that not prior art?

23 MR. MCDONALD: Well, it would be prior
24 art, but it does not match as anticipating and it's
25 not being used to combine with other references under

1 103 as obviousness.

2 This is the sort of thing an expert would
3 do when giving his opinion to say, well, before I get
4 into the details of this particular prior art
5 reference or why you might combine reference A and
6 reference B, let me just give you the lay of the land
7 here as to what the e-commerce technology environment
8 was like back at the relevant time frame.

9 And that's what these things would be used
10 for. They are not in his charts. They are used to
11 support the references that we did use in our second
12 supplemental invalidity contentions. And so that's --
13 that's the logic there. It's supporting the original
14 contentions. It's not saying that these particular
15 pieces of prior art invalidate the claims.

16 THE COURT: All right.

17 MR. MCDONALD: I believe that covers all
18 the issues, Your Honor. Thank you.

19 THE COURT: Mr. Robertson, take the
20 background that he just talked about, the Baxter
21 article and the search engine report. He says it's
22 not being offered to show invalidity. It's being
23 offered just to show the background of what was going
24 on in the industry at the time.

25 MR. ROBERTSON: Sure, Your Honor. Let me

1 address it by citing you the case of John Deere v.
2 Graham(sic), which is the Supreme Court case on
3 obviousness. And the first step in doing the obvious
4 analysis is this background and scope of the prior
5 art. So it is all about an obviousness analysis that
6 they're just, again, trying to backdoor by saying,
7 well, we're not really doing a full-scale obviousness
8 analysis. We're just providing background and scope
9 of the art. That's obviousness analysis.

10 In fact, I think we cited a thoughtful
11 opinion from a district court in the Western District
12 of Iowa, which was directly on point, saying that the
13 accused infringer cannot adroitly evade the
14 requirements of the scheduling order to show how prior
15 art invalidates the claims asserted by the patentee
16 simply by labeling something that's offered for
17 purposes of showing the level of skill in the art
18 because it is precisely such information about the
19 level of skill in the art that would be relevant to
20 show how prior art invalidates the claims asserted by
21 the patentee. That's the Transamerica Life Insurance
22 case. It's 255 F.R.D. 645 at 650, Northern District
23 of Iowa, 2009.

24 We think that's exactly what's going on
25 here, Your Honor, with respect to these new additional

1 references that were nowhere cited in the
2 court-ordered invalidity contentions.

3 If I could address this --

4 THE COURT: What about the hybrid
5 situation?

6 MR. ROBERTSON: No, sir. That's -- oh,
7 I'm sorry. You're asking me about the hybrid
8 situation?

9 THE COURT: Yes.

10 MR. ROBERTSON: Yeah. Well, I think it's
11 very evident from argument of counsel that it clearly
12 was not in the invalidity contentions. As I indicated
13 in my opening argument, there's nothing new about the
14 claims that couldn't have been known from the
15 beginning, and there's certainly nothing new about the
16 law that couldn't have been known from the beginning.

17 What really is going on here, Your Honor,
18 I believe, is another slight of hand. Let me tell you
19 why. They were originally in the form of Section 112
20 indefiniteness arguments, and now we somehow have
21 morphed into this 101 argument. The reason I think
22 that is, Your Honor, is because the original argument
23 was that some of these claim elements could not be
24 construed because there wasn't structure in the
25 patent. You may recall that from the Markman hearing.

1 And when the Court actually construes the
2 claims and is able to do that, then by law, under
3 Section 112 indefiniteness, they cannot be indefinite
4 because they were capable of construction. I can get
5 you the case cite on that, but it's a recent case of
6 Enzo Biochem that came down from the Federal Circuit I
7 think within the last 60 days. And I know that, Your
8 Honor, because I was actually invalidated -- I was
9 counsel of record in that case, and the claims were
10 invalidated as being indefinite. And the Federal
11 Circuit said they weren't indefinite because they were
12 capable of construction. So somehow this 112 argument
13 has now come back as a 101 argument. So we think
14 that's improper, Your Honor.

15 I might just point out, Your Honor, that
16 in these -- you heard the argument that somehow the
17 Markman hearing changed the level of the playing
18 field. Now, of course, we always anticipated that the
19 Markman hearing might come late in the case, and
20 indeed, Your Honor has an instructive case on that
21 issue, the Rambus case.

22 Plaintiff has always submitted its charts
23 using both the defendant's claim construction and the
24 plaintiff's claim construction. In the second
25 supplemental court-ordered invalidity contentions -- I

1 only have one copy here, Your Honor, but I'm happy to
2 hand them up to you -- you'll see that they are
3 unencumbered by any kind of claim construction,
4 whether they were the defendant's or the plaintiff's.
5 They simply used the claim elements and then they had
6 it side by side with what they contended was the prior
7 art. There was no reason they could not have done
8 that with the Lawson system.

9 And this argument that they didn't fully
10 appreciate what the Court was saying when it was
11 indicating to narrow its claims really doesn't ring
12 too true because you will recall, they did cite the
13 Lawson system initially, and then after the Court said
14 to narrow it down, they dropped the Lawson system. So
15 they were able to do it before, and then they had to
16 fish or cut bait. And they cut bait, and now they're
17 putting it back into the Shamos report. So we think
18 that's entirely improper.

19 So when they were dealing with the second
20 supplemental --

21 THE COURT: What does the April order that
22 you're relying on say?

23 MR. ROBERTSON: The April order?

24 THE COURT: The one where he says he
25 finally did understand it. April 26th or something

1 like that.

2 MR. ROBERTSON: I think it was the
3 April 29th transcript.

4 THE COURT: 29th. What does that say?

5 MR. ROBERTSON: Excuse me, Your Honor.

6 THE COURT: I have the transcript of
7 March the 26th here. What's the April 29th
8 transcript? You got an exhibit on that?

9 MR. ROBERTSON: Yes, Your Honor. I
10 believe it's Exhibit E to our moving papers. So other
11 than anybody identified on the April 9th that is
12 included in their April 9th disclosures --

13 THE COURT: Excuse me. Do we have it? I
14 don't see it.

15 MR. ROBERTSON: Here, Your Honor. I'm
16 sorry. It's at page 24, starting at line 12, going
17 over to page 25, line 4.

18 THE COURT: Wait a minute. Let me see if
19 I can find it. I have the Exhibit E, and I don't see
20 it. Oh, wait a minute. Here it is. E. Okay. Yeah.
21 Okay. What?

22 MR. ROBERTSON: There was an argument
23 about Lawson 6.0 as to whether it was in the
24 court-ordered second supplemental contentions, and
25 there was a dispute between myself and Mr. McDonald,

1 and Mr. McDonald indicated that the document would
2 speak for itself. And then the Court states, I have
3 to see more about it, but I can tell you one thing; if
4 it's not in that answer, that disclosure, it's not
5 coming in. I'll leave it for another day, a motion in
6 limine to be dealt with or a motion later in
7 connection with summary judgment or whatever I have to
8 do to consider what it is the facts may be on that
9 particular question, but the bottom line is if he
10 wasn't told -- if he wasn't -- if the system wasn't
11 disclosed, we're not going -- there's not going to be
12 no discussion about it.

13 And when we received the Shamos report on
14 May 3rd, we saw the additional new prior art that we
15 had been referencing, including three additional --

16 THE COURT: All right. But let's go back,
17 then. And the predicate for what was said in that
18 conference was the instruction given on March the
19 26th; is that right?

20 MR. ROBERTSON: Yes, sir.

21 THE COURT: And that is what appears on
22 page 8?

23 MR. ROBERTSON: Yes, sir.

24 THE COURT: And he says he didn't
25 understand that. How do I deal with that, because the

1 order that came out of that conference doesn't
2 explicitly say that you're not keep -- if you don't
3 have it in, the supplemental list, you're not going to
4 have it in at all.

5 MR. ROBERTSON: Well, Your Honor --

6 THE COURT: And I don't believe that I
7 actually said that on March the 26th, did I?

8 MR. ROBERTSON: Well, Your Honor, I think
9 it was clearly understood by the fact that you've got
10 prior art references that you are relying on and
11 you're citing to and then you drop them and then
12 somehow they reappear after the fact. Why would
13 someone do that if the message wasn't clearly received
14 that they were going to have to narrow their issues
15 just as we did? And, indeed, Your Honor, there is the
16 scheduling order in place that says they needed to --
17 and that's actually cited --

18 THE COURT: What scheduling order is that?

19 MR. ROBERTSON: It's Exhibit A, Your
20 Honor. In fact, this was the subject of the first
21 hearing on the 26th.

22 THE COURT: Hold on.

23 MR. ROBERTSON: It's page 12 of that --
24 it's actually page 9 of the document.

25 THE COURT: I can't lay my hands on it. I

1 don't know whether we have it or not. There's two --
2 several different orders.

3 MR. ROBERTSON: Well, Judge, I actually
4 quote it on page 2 of our brief, if you have our
5 brief. And this was, indeed, negotiated and
6 included --

7 THE COURT: Pretrial Schedule A, Schedule
8 J3, which you all negotiated.

9 MR. ROBERTSON: Yes, sir, and Your Honor
10 included it in the scheduling order. And so that
11 actually gave rise to the first issue that we had on
12 March 26th. And, indeed, Your Honor was citing that
13 when it ordered the defendants to comply with the
14 second supplemental invalidity contentions, including
15 a list of all the prior art in which it relies,
16 citation to Bates number of any documents produced
17 relating to each such prior art reference and a
18 complete and detailed explanation.

19 THE COURT: And what had happened on March
20 the 26th is that they hadn't done that.

21 MR. ROBERTSON: That's correct, Your
22 Honor.

23 THE COURT: And I was telling them on
24 March the 26th what -- what you're required to do by
25 Exhibit A, Pretrial Schedule A, Section J3, is what is

1 recited in lines 1 through 8, page 8 of that
2 transcript; is that right?

3 MR. ROBERTSON: That's what I understood.

4 And, Your Honor, just finally, this notion
5 that somehow the playing field was changed. I mean,
6 we had a discussion with counsel for Lawson after your
7 order came out, and we contacted the Court and said
8 that we would jointly request an additional three days
9 in order to address Your Honor's ruling in that.

10 At no time did anybody say, oh, this
11 changes the playing field, we need new prior art. And
12 imagine how the defendant would have howled if I said,
13 you know what, those 13 claims the judge told me that
14 I could try, I now need to swap out a whole bunch or I
15 now need to add ten more. There would have been some
16 screaming going on. We didn't do that, Your Honor.
17 We understood the rules of the game here, and we just
18 want them to be consistent and fair.

19 So we would ask, Your Honor, for the
20 relief that any opinions of Mr. Shamos be limited to
21 the invalidity contentions and invalidity arguments
22 and the documents and prior art that were cited in the
23 court-ordered second supplemental invalidity
24 contentions consistent with the scheduling order in
25 this case.

1 Your Honor, we have eight business days
2 left to go in this case. We're doing Gateway
3 depositions at my office today. So we're being
4 prejudiced ongoing as this thing has moved forward.
5 We should have known what the prior art was back on
6 April 9, and we've been preparing on that. To shift
7 now and have to address all these new issues, new
8 theories, new prior art is just not fair, Your Honor,
9 and not consistent with the Court's order.

10 THE COURT: How did it get -- how did that
11 date get moved from April -- from December 8, 2009, to
12 April 9, 2010?

13 MR. ROBERTSON: They submitted something
14 on December 8th, Your Honor, and I think they actually
15 supplemented at one point. And what happened was we
16 were having a hearing with respect to a motion to
17 compel when Your Honor --

18 THE COURT: That they brought.

19 MR. ROBERTSON: Yes, sir. Your Honor
20 observed that they had something like 28 prior art
21 references and 30-something-plus obvious combinations,
22 and now we're up to 92 obviousness combinations.

23 THE COURT: Well, how are you prejudiced
24 if I give you more time to deal with the Lawson 5 and
25 6?

1 MR. ROBERTSON: Your Honor, I don't want
2 more time. I'm prejudiced because we are -- this is
3 very expensive litigation, as Your Honor knows. We
4 are coming to the close of discovery. I don't want to
5 have to take discovery of prior art systems, not just
6 Lawson 5 and 6. We don't draw the line at that.
7 There's all these other documents and systems now that
8 they are relying on, patents that they are relying on.
9 They couldn't find that patent six months ago to tell
10 us about it? They put it in a May 3 report for the
11 first time? I'd rather not have to --

12 THE COURT: Which patent are you talking
13 about, Dworkin?

14 MR. ROBERTSON: The Doyle Patent, for
15 example.

16 THE COURT: Well, they've withdrawn that.

17 MR. ROBERTSON: Well, there's also the
18 Dworkin Patent.

19 THE COURT: They say that was in the first
20 one.

21 MR. ROBERTSON: It is, but only for
22 purposes of obviousness. They have now added an
23 opinion from Dr. Shamos that it also anticipates.

24 I want to just wrap this discovery period
25 up, Your Honor, and get on with the experts. We have

1 a very tight schedule from now through September 13th.

2 THE COURT: All right.

3 MR. ROBERTSON: Thank you.

4 THE COURT: Anything else?

5 MR. MCDONALD: Two quick points, Your
6 Honor. On the prejudice issue, last week we informed
7 ePlus that we would actually be dropping -- and I was
8 remissed in not mentioning this earlier. We are
9 dropping the SABRE prior art from our contentions and
10 from our expert report. We were trying to schedule
11 the depositions for the related witnesses there, but
12 we've withdrawn that now, which is, you know, part of
13 our effort here in good faith to streamline it where
14 we can and hopefully reduce the prejudice to ePlus
15 with respect to discovery as to Lawson.

16 On the hybrid claim issue, I think I heard
17 Mr. Robertson saying, well, now we don't think we can
18 use the 112 indefiniteness argument because of this
19 new case, so now we have to go switch to the 101.
20 Actually, we're conceding that we can't go to 101.
21 We'll stick with 112, the indefiniteness invalidity
22 grounds, which we have in our invalidity contentions.
23 So if he's right, I guess we're going to lose that
24 defense, but that's --

25 THE COURT: Isn't that what you just told

1 me 15, 20 minutes ago? You said that your man Shamos
2 was offering the hybrid on the issue of Section 101.

3 MR. MCDONALD: That's what his report
4 says. But what I had indicated is I would concede
5 that he's going to be limited and has to use
6 indefiniteness under 112 because that is what is in
7 our invalidity contentions, and we would live with
8 that.

9 THE COURT: But he didn't offer an opinion
10 on 112.

11 MR. MCDONALD: No, he didn't put it in
12 that term, that's right.

13 THE COURT: So how can he -- I mean, he
14 can't testify about it because he didn't offer it.

15 MR. MCDONALD: You know, it's a pure
16 issue, Your Honor, that I would expect would be more
17 of a summary judgment issue anyway, and you're
18 probably going to decide the law without the benefit
19 of the experts on it anyway. So it, frankly, isn't
20 that critical to me one way or the other.

21 Finally, with respect to the scheduling
22 order with the example that ePlus provided, well, if
23 we had changed the number of claims, wouldn't that
24 have caused some issues. Well, in that same
25 scheduling order --

1 THE COURT: You're talking about Pretrial
2 Schedule A?

3 MR. MCDONALD: Yes.

4 THE COURT: Section J3 that you all agreed
5 to?

6 MR. MCDONALD: Yes. If you go two
7 sections past that one to Section 5, it says, By
8 December 29th, 2009, the plaintiff shall file a
9 statement identifying the no more than 13 patent
10 claims it will assert at trial.

11 That's very specific about what they're
12 supposed to do and the limitation on it, and that --
13 and so certainly if they would have exceeded that,
14 that would be in direct violation of that particular
15 provision.

16 The one that they were talking about
17 regarding Lawson was paragraph 3, which was labeled an
18 initial statement identifying each of its invalidity
19 defenses. This was something they had never -- when
20 we had filed that and we had supplemented it later in
21 December, I believe even before they limited their
22 claims to 13 claims, so we were still dealing with
23 more claims than that, they never complained about
24 that. They didn't come back here and file any motions
25 about it. It only came up in the context of our

1 motion. So we believed it was in compliance, our
2 prior filings were in compliance with this --

3 THE COURT: But it did come up as part of
4 your motion.

5 MR. MCDONALD: Right.

6 THE COURT: It was part of the discussion
7 we had that day. But on that day, you were told to
8 go -- what you were supposed to do, which basically is
9 what you were supposed to do in number 3, paragraph 3
10 of Exhibit A, Pretrial Schedule A. That's J3.

11 MR. MCDONALD: Well --

12 THE COURT: And you didn't do that in
13 respect of your first filing. So you weren't -- you
14 were in violation of the order then.

15 Then you were told on March 26th to go do
16 it, and you then did it on April the 9th and you
17 limited yourself to the seven or eight, and now you've
18 expanded it again, it looks to me like. How can that
19 be allowed to occur?

20 MR. MCDONALD: Well, the April 9th was
21 after the Court said we had to do things like provide
22 this highlighting as to the specific documents. That
23 wasn't -- this scheduling order wasn't that specific
24 as to what we did. But once the Court indicated we
25 should do those exact things, we did those exact

1 things.

2 The number of references at issue now with
3 us dropping SABRE and Doyle and then simply seeking to
4 reinstate the Lawson prior art, which we had
5 previously given notice, the number of references is
6 still unchanged. It's still seven or eight. And we
7 don't think that unduly prejudices ePlus when they
8 have noticed up the deposition of Lawson about its
9 prior systems and haven't even taken the deposition
10 yet. Thank you.

11 THE COURT: All right.

12 MR. ROBERTSON: Just briefly, Your Honor.
13 We were informed that the SABRE system was being
14 removed allegedly as prior art on Thursday last. I
15 immediately e-mailed and said is it being removed from
16 the case for all purposes, and the argument is, oh,
17 no, it may be relevant for other issues, such as
18 damages or willfulness.

19 THE COURT: That's not an issue that we
20 have today, is it?

21 MR. ROBERTSON: Well, Your Honor, I think
22 if it's being removed from the case, it should be
23 removed from the case. But --

24 THE COURT: Well, is it removed from the
25 case or not?

1 MR. MCDONALD: Yes. We've withdrawn our
2 depositions of the witnesses.

3 THE COURT: It's out for all purposes.

4 MR. MCDONALD: That's fine.

5 MR. ROBERTSON: Thank you, Your Honor.

6 THE COURT: All right. Well, the pretrial
7 orders mean what they say, and in the
8 original Pretrial Schedule A, paragraph J3, to which
9 the parties agreed, the Court ordered that the
10 defendant shall file an initial statement identifying
11 each of its invalidity defenses with specificity, and
12 such statements shall also include a list of all prior
13 art on which it relies, including a citation by Bates
14 number of any documents produced relating to each such
15 prior art reference, and a complete and detailed
16 explanation of what it alleges that each listed prior
17 art reference shows in claim chart form on an
18 element-by-element, claim-by-claim basis and how that
19 prior art invalidates the claims asserted by the
20 plaintiff.

21 On March the 26th, the Court was hearing a
22 motion to compel brought by the defendants when it
23 appeared that there was an issue respecting the
24 invalidity contentions and defenses, and the Court
25 instructed that the -- said the following: You told

1 me you were going to have seven or eight, and we're
2 talking about prior art references, and I want you to
3 do them like I said, claim by claim, element by
4 element. What is it in that prior -- in the prior
5 art -- what is it that in the prior art invalidates
6 it, and then you take the page out of the prior art
7 and not only do you write it out, you highlight it and
8 you hand it to them.

9 Basically, it is true, as the defendant
10 says, that the Court at that juncture did not tell the
11 defendants that if they didn't have it in the
12 supplemental list that had been ordered in the right
13 way, that they would have -- that it wasn't coming in
14 at all. You don't have to be told that there are
15 consequences to disobeying scheduling orders.

16 But on April the 9th, there was a
17 subsequent filing, and the subsequent filing deleted a
18 number of the -- the prior art references, including
19 Lawson version 6 and 5.

20 During the course of that discussion on
21 April the 29th, there came up a discussion about
22 April -- about Lawson 6.0 version, and I said, Lawson
23 6.0 version is not in the prior art unless it was
24 listed in the prior art that was filed on April 9th.
25 Was it or wasn't it?

1 Mr. Robertson: No, it wasn't.

2 Well, that's that simple.

3 Mr. McDonald: Well, we dispute that, Your
4 Honor. The document will speak for itself. I
5 understand you can't decide that now when we're both
6 saying opposite things.

7 And I said: I have to see more about it,
8 but I can tell you one thing; if it's not in that
9 answer, that disclosure, it's not coming in.

10 Yet on May the 3rd, without coming to
11 court and saying they didn't understand the limits
12 that had been articulated on April the 29th and March
13 the 26th and the scheduling order, the defendants
14 listed a whole bunch of new prior art and invalidity
15 contentions; thereby frustrating the very purpose of
16 the order entered, Exhibit A, to the brief of the --
17 of the plaintiff in this motion, which is Pretrial
18 Schedule A, J3, which they -- paragraph J3, which they
19 agreed to. And so if it's not listed on the -- if
20 something is not listed on the list of prior art filed
21 on April 9th, it's not coming in.

22 Now, there is a -- an exception to that
23 rule, and it's created by the decision of the -- of
24 the Court in Johns Hopkins University versus CellPro.
25 And while this case is not directly governed by

1 CellPro, it is analogous, and that is that the Markman
2 opinion gave constructions, and if a -- if -- if a
3 party can show that a Markman decision somehow changed
4 the rules of the game, then it is entitled to have
5 some relief in terms of subsequent discovery or
6 theories or prior art or invalidity contentions in the
7 event that that actually happens.

8 Now, I am told here that there are two
9 instances appearing on page 6 and 7 of the defendant's
10 brief in which the claim construction necessitated the
11 presentation of additional opinions. One is -- and
12 just so the record is clear, we discussed this in
13 terms of -- in terms that somewhat confuse the record.

14 I kept asking about the first example --
15 or the first instance given by Lawson, and that
16 appears on page 6 of their reply -- of their response
17 brief, and it says, The Court's construction of "means
18 for building a requisition using data relating to
19 selected matching items and their associated sources"
20 was one place that was -- that the Markman -- the rule
21 of CellPro had to be applied.

22 Because of the very confusing nature of
23 Mr. Shamos' report and the exhibits to it, one of
24 which is Exhibit 3 and it wasn't numbered, counsel for
25 Lawson kept going to a place in the report which

1 actually, according to the discussion some 15, 20
2 minutes later, related not to that particular instance
3 when the Markman opinion changed the -- the rules,
4 but -- and activated CellPro in the view of Lawson,
5 but to another one.

6 The other one was on page 7 of the brief,
7 and it is the construction that the "means for
8 searching for matching items in the database."
9 Counsel has identified one place in the Shamos report
10 that deals with the "means for searching for matching
11 items in the database," and that's a matter of record.
12 And I -- I can't -- we've read it into the record. I
13 can't refer to pages any more specifically than that
14 because of the page mechanisms used. We were actually
15 referring to red tabs that were on the copy of the
16 exhibits that were attached to Lawson's brief in
17 opposition, but I believe those exhibits actually were
18 marked by -- I don't know who marked them. You?

19 MR. MCDONALD: EPlus marked the tabs.

20 THE COURT: EPlus marked them. And that
21 discussion even showed that the defendant's counsel
22 had a different -- slightly different version of that
23 exhibit than I had. That is not a different version,
24 but a version where the tabs were marked on slightly
25 different nearby pages.

1 But in any event, the record reflects that
2 there was a description of one instance where Shamos
3 gave an opinion and we went through his opinion line
4 by line and it actually was a one-line opinion
5 followed by two examples. And that's clear in the
6 record. You all can straighten that out.

7 There was no exhibit, no comparable
8 showing of what part of the chart attached as Exhibit
9 3 to the Shamos report that showed where and how
10 Shamos' opinion was necessary to address the term
11 "means for building a requisition using data related
12 to selected matching items and their associated
13 sources" as reflected on page 6 of the brief, and so I
14 don't have any basis for ruling on that.

15 But under the CellPro decision, the
16 brief -- the part of the opinion of Shamos which has
17 been shown, it appears to me to have relevance to the
18 claim construction, and I think that part that we've
19 identified falls under CellPro. And I think to that
20 extent, his opinion can be -- can be the subject of
21 further discovery by ePlus. And I -- I am not
22 convinced that, in fact, the claim construction
23 opinion did what Lawson is arguing it did as to that
24 particular reference, but for now, I am going to keep
25 it in. If, in fact, it should be out, I'll deal with

1 it at trial. But I think they have made a showing
2 sufficient that CellPro ought to operate there to
3 allow the discovery to be taken and the opinion to
4 remain at this time.

5 The other I don't have any basis for
6 making a comment on, for making a ruling on, so I am
7 not going to be able to -- to rule. I believe that
8 the party arguing the application of CellPro has the
9 burden to demonstrate how the claim construction
10 opinion necessitates listing additional prior art
11 opinions and references, and that hasn't been carried
12 here as to the second -- that is the -- the second
13 reference; that is on the one on page 6, and so that
14 can't be allowed, which basically means that to the
15 extent that version 5 -- Lawson version 5 and 6 are
16 dealt with in the opinion offered by Shamos in
17 response to the claim construction opinion section
18 that says "means for searching for matching items in
19 the database" can be considered further, subject to
20 revisitation at trial.

21 The others I have -- I believe Lawson has
22 not covered that basis -- covered its burden. And
23 version 6 and version 5 were in their initial list.
24 They were going to pare it down. They dropped it, and
25 then the addition of it keeps it out to -- and only --

1 but -- but it cannot -- excuse me. It would keep it
2 out unless CellPro allowed it in. But since they
3 haven't carried the CellPro burden, the second -- but
4 as to one of the two grounds, they say that the
5 Markman opinion necessitated further opinions by the
6 expert, then they can't have it but as to the one I've
7 indicated.

8 Doyle is moot because it's been withdrawn.

9 The issue of the hybrid opinion on --
10 offered by Mr. Shamos, he offered -- apparently the
11 earlier references -- excuse me. The earlier
12 references made reference to a hybrid situation giving
13 rise to a defense under Section 112. The opinion of
14 Shamos says that the hybrid gives rise to an opinion
15 under Section 101. He does not give any opinion on
16 Section 101 -- or excuse me. He -- his opinion on
17 101, excuse me, was actually not in the invalidity
18 defenses that were tendered because the original
19 invalidity defense that was tendered is Section 112.
20 He gave no opinion on 112, so he can't testify on 112.
21 And so that objection to that part of his report on
22 the hybrid situation is sustained.

23 The Baxter article and the search engine
24 report appear to me not to be background on the state
25 of prior art but to be really a sub rosa effort to get

1 in some more prior art, and the rule of the
2 Transamerica decision adequately explains why those
3 documents cannot be used and he cannot testify about
4 them.

5 The other documents that are -- the other
6 category are documents supporting J-Con, Gateway and
7 SABRE. The SABRE documents are out. That means that
8 their issue is that the documents are offered to
9 support, according to Lawson, the J-Con prior art
10 references that were previously discussed. And ePlus
11 says that they're really just the -- these three
12 documents are offered to really add prior art opinions
13 that are new.

14 It appears to me from the briefing that
15 the subsequent documents are, in fact, merely
16 additional prior art documents. However, it is
17 possible that they can be construed as documents to
18 relate to -- as support for what they have already
19 offered. And until I hear more about that from the
20 experts or from the lawyers, I don't believe I can
21 preclude them. I'm inclined to preclude them, but I
22 don't have sufficient basis at this time to do that.
23 And so I'll have to await further briefing or
24 objection at the pretrial conference or demonstration
25 of fact from -- or briefing from the lawyers to help

1 me make that decision.

2 An order will be entered that says for the
3 reasons set forth on the record, the motion to strike
4 is granted for the reasons -- to the extent set forth
5 on the record, this transcript, which you can order
6 and then know what to do with.

7 Is there anything else that needs to be
8 done?

9 Look, folks, we need to get this case
10 under some kind of control here. When the Court
11 issues orders, they need to be obeyed. Schedules need
12 to be followed, and if someone needs relief from an
13 order, there's a way to do it; go make a motion and
14 say, look, this has happened, we need relief. And the
15 Court has been available to decide those motions for
16 you on very short order, knowing you're on a tight
17 schedule.

18 So what have you all done about settling,
19 talking about settlement? I don't believe we need it
20 on the record now.

21 (Discussion off the record.)

22

23 (The hearing in this matter concluded at
24 3:48 p.m.)

25

REPORTER'S CERTIFICATE

I do hereby certify that the foregoing is a true and accurate transcription of my stenographic notes taken in this matter to the best of my ability.

/s/ Tracy Johnson 5/31/10
Tracy Johnson, RPR, CCR, CLR